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WALSHYS FACILITIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996

Registered number: 2311588



KIDSONS IMPEY

CHARTERED ACCOUNTANTS

Derby

WALSHYS FACILITIES LIMITED

FINANCIAL STATEMENTS

for the year ended 31 December 1996

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WALSHYS FACILITIES LIMITED**COMPANY INFORMATION****31 December 1996**

Incorporated in England on 1 November 1988

Number 2311588

DIRECTORSN Castro (Chairman)
A G Brill
D T Lowen
R D Rose**SECRETARY**

S Carlton

REGISTERED OFFICENumber 4 Millbank
Westminster
London**BANKERS**Midland Bank plc
Leeds**AUDITORS**Kidsons Impey
Chartered Accountants
6 Vernon Street
Derby

WALSHYS FACILITIES LIMITED**DIRECTORS' REPORT****31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities

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

Business review

During the year the company returned to profit. The directors anticipate the profit to increase in 1997.

During the year the company became a wholly owned subsidiary of the Yorkshire-Tyne Tees Television Holdings plc group.

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.

Directors and directors' interests

The current directors are shown on page 1.

Mr D Rocker resigned as a director on 6 February 1996. Mr A G Brill was appointed as a director on 22 April 1996.

At 31 December 1996 no director had any discloseable interest in the company's shares.

WALSHYS FACILITIES LIMITED

DIRECTORS' REPORT

31 December 1996

(continued)

Directors and directors' interests (continued)

Mr N Castro is a director of Yorkshire-Tyne Tees Television Holdings plc, the ultimate holding company. Details of Mr Castro's interests in the options and shares of the ultimate holding company appear in that company's accounts. Mr A G Brill and Mr D T Lowen also have discloseable interests in the ultimate holding company as follows:

		<u>Ordinary shares of 25p each</u>		<u>Warrants</u>
			Employee	
	Issued	Under	Share	Issued
		Option	Scheme*	
		At 31 December 1996		
A G Brill	-	63,500	-	-
D T Lowen	3,289	9,000	398	106
		At 31 December 1995		
A G Brill	-	63,500	-	-
D T Lowen	778	9,000	2,082	947

No other director had any beneficial or non-beneficial interest in the shares of the ultimate holding company.

- * 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.

WALSHYS FACILITIES LIMITED**DIRECTORS' REPORT**

31 December 1996
(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
13 May 1997

WALSHYS FACILITIES LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law to prepare accounts 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 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

13 May 1997

WALSHYS FACILITIES LIMITED
AUDITORS' REPORT

Auditors' report to the members of

Walshys Facilities 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.

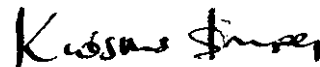
Basis of opinion

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 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Derby
13 May 1997

Kidsons Impey
Registered Auditors
Chartered Accountants

WALSHYS FACILITIES LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Note	1996 £	14 months 1995 £
Turnover	2	1,673,903	1,742,327
Cost of sales		(1,007,215)	(1,035,273)
Gross profit		666,688	707,054
Administrative expenses		(642,540)	(748,617)
Operating profit/(loss)	3	24,148	(41,563)
Interest receivable	3	4,474	2,369
Interest payable	5	(22,359)	(36,225)
Profit/(loss) on ordinary activities before taxation		6,263	(75,419)
Taxation	6	-	-
Profit/(loss) on ordinary activities after taxation	14	6,263	(75,419)

Movements in reserves are shown in note 14.

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

There are no recognised gains or losses in 1996 or 1995 other than the profit/(loss) for the year.

WALSHYS FACILITIES LIMITED

BALANCE SHEET

at 31 December 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	7		301,266		273,557
Investments	8		100		100
			<u>301,366</u>		<u>273,657</u>
Current assets					
Stocks	9	2,226		991	
Debtors	10	350,929		312,984	
Cash in hand		1,265		266	
			<u>354,420</u>	<u>314,241</u>	
Creditors: amounts falling due within one year	11	(747,956)		(686,331)	
Net current liabilities			<u>(393,536)</u>	<u>(372,090)</u>	
Total assets less current liabilities			<u>(92,170)</u>	<u>(98,433)</u>	
Capital and reserves					
Called up share capital	12		200		200
Share premium account	13		199,940		199,940
Profit and loss account	14		(292,310)		(298,573)
Total shareholders' funds	15		<u>(92,170)</u>	<u>(98,433)</u>	

The accounts on pages 7 to 16 were approved by the board of directors on 13 May 1997.



R D Rose
Director

WALSHYS FACILITIES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 December 1996

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.

Financial support

At 31 December 1996, the company had net liabilities of £92,170.

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.

WALSHYS FACILITIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

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:

	1996	14 months 1995
	£	£
United Kingdom	1,490,611	1,380,484
Other European countries	136,750	331,002
Australasia	1,266	24,986
North America	13,573	5,855
Rest of the World	31,703	-
	<u>1,673,903</u>	<u>1,742,327</u>

3 Operating profit/(loss)

	1996	14 months 1995
	£	£
Operating profit/(loss) is stated after crediting:		
Profit on sale of tangible fixed assets	-	363
Interest receivable - Group	4,474	2,369
	<u> </u>	<u> </u>
and after charging:		
Auditors' remuneration	3,400	2,250
Management charges from parent company	-	81,000
Operating leases		
- Hire of plant and equipment	59,108	34,513
- Land and buildings	214,268	231,428
- Hire of motor vehicles	19,836	27,345
Depreciation		
- Owned assets	147,368	218,068
- Assets held under finance leases and HP agreements) see note 7	-	7,139
	<u> </u>	<u> </u>

WALSHYS FACILITIES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 December 1996
(continued)

4 Directors and employees

	1996	14 months
	£	1995
		£
Staff costs including directors' emoluments		
Wages and salaries	405,689	465,269
Social security costs	40,738	47,242
Other pension costs	2,160	8,815
	<u>448,587</u>	<u>521,326</u>
Average number employed by the company including executive directors		
	Number	Number
Management and administrative	5	5
Production and sales	14	15
	<u>19</u>	<u>20</u>
Directors' emoluments		
	£	£
Emoluments (including pension scheme contributions)	50,577	69,730
Compensation for loss of office	-	12,500
	<u>50,577</u>	<u>82,230</u>
Emoluments excluding pension scheme contributions		
Chairman	-	-
Highest paid director	50,577	46,997

No other director received any emoluments from the company during the year (1995: £nil).

WALSHYS FACILITIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

5 Interest payable

On loans repayable within five years

	1996	14 months 1995
	£	£
Bank overdraft	-	6,357
Bank and other loans	-	1,868
Loan from parent company	22,338	23,810
Finance leases and HP contracts	21	4,190
	<u>22,359</u>	<u>36,225</u>

WALSHYS FACILITIES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 December 1996
(continued)

6 Taxation

Due to the availability of trading losses no liability to corporation tax is expected to arise.

7 Tangible fixed assets

Cost	Plant and Machinery £	Fixtures and Fittings £	Total £
At 1 January 1996	1,076,031	75,150	1,151,181
Additions	174,254	823	175,077
	<u>1,250,285</u>	<u>75,973</u>	<u>1,326,258</u>
At 31 December 1996	<u>1,250,285</u>	<u>75,973</u>	<u>1,326,258</u>
Depreciation			
At 1 January 1996	845,717	31,907	877,624
Charge for year	140,758	6,610	147,368
	<u>986,475</u>	<u>38,517</u>	<u>1,024,992</u>
At 31 December 1996	<u>986,475</u>	<u>38,517</u>	<u>1,024,992</u>
Net book amount			
At 31 December 1996	<u>263,810</u>	<u>37,456</u>	<u>301,266</u>
At 1 January 1996	<u>230,314</u>	<u>43,243</u>	<u>273,557</u>

The net book amount of fixed assets includes £Nil (1995:£20,083) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

WALSHYS FACILITIES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 December 1996
(continued)

8 Fixed assets investments

	£
Cost at 1 January 1996 and 31 December 1996	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 Productions 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

	1996 £	1995 £
Consumables	2,226	991

10 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	284,177	184,445
Due by parent company	16,614	32,677
Due by other group undertakings	35,160	14,055
Other debtors	9,885	13,882
Prepayments and accrued income	5,093	63,793
Taxation recoverable	-	4,132
	350,929	312,984

WALSHYS FACILITIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

11 Creditors: amounts falling due within one year:

	1996 £	1995 £
Bank overdraft	21,941	8,462
Trade creditors	195,726	207,961
Other taxation and social security	39,660	32,759
Accruals and deferred income	17,619	26,319
Finance leases and hire purchase agreements	-	3,935
Loans from parent company	473,010	406,895
	<u>747,956</u>	<u>686,331</u>

12 Called up share capital

	Number of shares	£
Authorised, issued and fully paid		
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 1996 and 31 December 1996	<u>199,940</u>

14 Profit and loss account

	£
Balance at 1 January 1996	(298,573)
Profit for the year	6,263
Balance at 31 December 1996	<u>(292,310)</u>

WALSHYS FACILITIES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 December 1996
(continued)

15 Reconciliation of movements in shareholders funds

	1996 £	1995 £
Net profit/(loss) for the year representing a net addition to/(subtraction from) shareholders' funds	6,263	(75,419)
Opening shareholders' funds	(98,433)	(23,014)
Closing shareholders' funds	<u>(92,170)</u>	<u>(98,433)</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 31 December 1997:

	Motor vehicles		Land and buildings	
	1996 £	1995 £	1996 £	1995 £
Expiring:				
Within one year	-	13,115	-	-
After five years	-	-	222,474	208,524
	<u>-</u>	<u>13,115</u>	<u>222,474</u>	<u>208,524</u>
	<u>-</u>	<u>13,115</u>	<u>222,474</u>	<u>208,524</u>

17 Group structure

The company is a subsidiary undertaking of Yorkshire Television Limited a company registered in England. The ultimate parent company is Yorkshire-Tyne Tees Television Holdings 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 £42,500 and sales to this company were £8,800. All transactions related to the provision of Broadcasting Services and were made on an arms length basis. A net amount of £1,930 was due to this company at 31 December 1996.

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.