

Westway Studios Limited

FINANCIAL STATEMENTS

for the year ended
30 September 2003



Company Registration No. 2504301

Westway Studios Limited

DIRECTORS AND OFFICERS

DIRECTORS

C Jerome
MT Cass

SECRETARY
SEA *Standing*

REGISTERED OFFICE

Sanctuary House
45-53 Sinclair Road
London W14 0NS

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Westway Studios Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during was the operation of studios and set construction facilities for television commercials. With effect from 1 October 2002, the trade of the company was transferred to Sanctuary Studios Limited.

REVIEW OF THE BUSINESS

The company was dormant throughout the year.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £nil (2002: Loss £196,211).

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office throughout the period:

C Jerome
MT Cass

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The shareholdings of the directors in The Sanctuary Group plc are as follows:

	Ordinary shares of 12.5p each	
	2003	2002
C Jerome	-	-
MT Cass	60,000	-

INTRODUCTION TO THE EURO

The company is able to handle Euro transactions as required.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly, Chartered Accountants be re-appointed as auditors to the company will be put to the Annual General Meeting.

By order of the board

C Jerome
Director

19 January 2004

Westway Studios Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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 year. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

Westway Studios Limited

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF WESTWAY STUDIOS LIMITED

We have audited the financial statements on pages 5 to 12.

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 auditors' 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

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 and other members of the group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

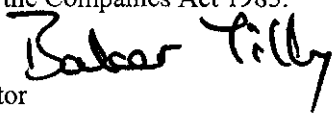
Basis of opinion

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 judgments 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 affairs of the company at 30 September 2003 and of the company's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY 
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
19 January 2004

Westway Studios Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2003

	<i>Notes</i>	2003 £	2002 Discontinued Operations £
TURNOVER	1	-	1,013,353
Cost of sales		-	(562,525)
Gross profit		-	450,828
Other operating expenses (net)		-	(645,603)
OPERATING LOSS		-	(194,775)
Interest receivable		-	150
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(194,625)
Taxation	4	-	(1,586)
LOSS FOR THE PERIOD	11	-	(196,211)

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Westway Studios Limited

BALANCE SHEET

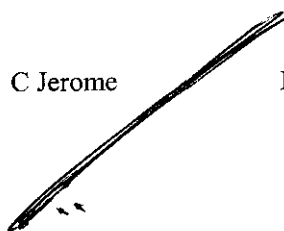
30 September 2003

	<i>Notes</i>	2003	2002
		£	£
FIXED ASSETS			
Tangible assets	5	-	35,892
		<u> </u>	<u> </u>
CURRENT ASSETS			
Stocks	6	-	32,013
Debtors	7	621,688	930,207
		<u>621,688</u>	<u>962,220</u>
CREDITORS: amounts falling due within one year	8	-	(376,424)
NET CURRENT ASSETS		<u>621,688</u>	<u>585,796</u>
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>621,688</u>	<u>621,688</u>
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	10	1,950,000	1,950,000
Profit and loss account	11	(1,328,312)	(1,328,312)
SHAREHOLDERS' FUNDS	12	<u>621,688</u>	<u>621,688</u>
		<u> </u>	<u> </u>

Approved by the board on 19 January 2004

C Jerome

Director



Westway Studios Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	10%
Motor vehicles	25%
Short leasehold property	10%

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Westway Studios Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. Sales were made exclusively in the United Kingdom.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
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Loss on ordinary activities before taxation is stated after charging:

Depreciation and amounts written off tangible fixed assets

Charge for the period

Owled assets

Auditors' remuneration

-	7,919
-	4,800

3 EMPLOYEES

2003 No	2002 No
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The average weekly number of persons (excluding directors) employed by the company during the period was:

Office and management

Manufacturing

-	2
-	3
-	5

2003 £	2002 £
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Staff costs for the above persons:

Wages and salaries

Social security costs

-	124,834
-	12,658
-	137,492

2003 £	2002 £
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DIRECTORS' REMUNERATION

Emoluments

-	-
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Retirement benefits are accruing to no (2002:one) director under a money purchase scheme.

Westway Studios Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2003

4	TAXATION	2003 £	2002 £
	a) Analysis of charge in year		
	Current tax:		
	UK Corporation tax	-	-
	Adjustment in respect of previous years	-	(207)
	Deferred tax:		
	Reversal of timing difference	-	1,793
		<u>-</u>	<u>1,586</u>
		<u>-</u>	<u>1,586</u>
	b) Factors affecting the charge for the year		
	Tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%)	£	£
	The difference is explained below:		
	Loss on ordinary activities before tax	-	(194,625)
		<u>-</u>	<u>(194,625)</u>
	Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2002:30%)	-	(58,388)
		<u>-</u>	<u>(58,388)</u>
	Capital allowances in excess of depreciation	-	(1,793)
	Losses surrendered to other group companies	-	60,181
	Adjustments to tax charge in respect of previous periods	-	(207)
		<u>-</u>	<u>(207)</u>
	Current tax (note 4a)	<u>-</u>	<u>(207)</u>

Westway Studios Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

5	TANGIBLE FIXED ASSETS	<i>Leasehold properties</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings & equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
		£	£	£	£	£
	Cost or valuation					
	1 October 2002	236,325	71,752	68,811	34,445	411,333
	Transferred to Group company	(236,325)	(71,752)	(68,811)	(34,445)	(411,333)
	30 September 2003	-	-	-	-	-
	Depreciation					
	1 October 2002	236,325	56,645	59,426	23,045	375,441
	Transferred to Group company	(236,325)	(56,645)	(59,426)	(23,045)	(375,441)
	30 September 2003	-	-	-	-	-
	Net book value					
	30 September 2003	-	-	-	-	-
	30 September 2002	-	15,107	9,385	11,400	35,892
6	STOCKS				2003 £	2002 £
	Raw materials and consumables				-	32,013
7	DEBTORS				2003 £	2002 £
	Due within one year:					
	Trade debtors				-	99,976
	Other debtors				-	671
	Prepayments and accrued income				-	106,060
	Amounts due from other group undertakings				621,688	699,590
	Deferred Taxation (note 9)				-	3,910
						910,207
	Due in more than one year:					
	Rent deposit				-	20,000
					621,688	930,207

Westway Studios Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2003

8	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Bank loans and overdrafts	-	168,686
	Trade creditors	-	141,927
	Other taxation and social security	-	49,598
	Accruals and deferred income	-	16,213
		<u>-</u>	<u>376,424</u>

The bank loan and overdraft were secured by a debenture giving fixed or floating charges on all assets of the company. Obligations under finance leases were secured on related assets.

9	DEFERRED TAX	2003 £	2002 £
	Provision for deferred tax is:		
	Accelerated capital allowances	-	280
	Tax losses carried forward	-	3,630
		<u>-</u>	<u>3,910</u>
	At 1 October 2002	3,910	5,703
	Deferred tax charged to profit and loss account	-	(1,793)
	Transferred to Group company	(3,910)	-
		<u>-</u>	<u>3,910</u>
	At 30 September 2003 debtors (see note 7)	-	3,910

10	SHARE CAPITAL	2003 £	2002 £
	Authorised		
	1,950,000 (2002: 1,950,000) ordinary shares of £1 each	1,950,000	1,950,000
	Allotted and fully paid		
	1,950,000 (2002: 1,950,000) ordinary shares of £1 each	1,950,000	1,950,000

Westway Studios Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

11	PROFIT AND LOSS ACCOUNT	2003 £	2002 £
	1 October 2002	(1,328,312)	(1,132,101)
	Loss for the period	-	(196,211)
		<hr/>	<hr/>
	30 September 2003	(1,328,312)	(1,328,312)
		<hr/>	<hr/>

12	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2003 £	2002 £
	Opening shareholders' funds	621,688	817,899
	Loss for the period	-	(196,211)
		<hr/>	<hr/>
	Closing shareholders' funds	621,688	621,688
		<hr/>	<hr/>

13 RELATED PARTY TRANSACTIONS

In preparing these financial statements, the directors have taken advantage of the exemptions available under paragraph 3 (c) of the Financial Reporting Standard No.8, Related Party Disclosure.

14 CASH FLOW STATEMENTS

In accordance with Financial Reporting Standard No 1, cash flow statements have not been prepared as the cash flows of the company are included in those of the ultimate parent company, The Sanctuary Group plc.

15 ULTIMATE PARENT COMPANY

In the directors' opinion, the ultimate parent company at 30 September 2003 was The Sanctuary Group plc, a company registered in England and Wales.

Copies of the group financial statements of The Sanctuary Group plc are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

16 CONTINGENT LIABILITIES

The company has a number of contingent liabilities arising from third party claims. The directors are of the opinion that, while the outcome of the claims cannot be predicted with any certainty, they do not expect any liability that may arise to have a material impact on the company's results, cash flow or financial condition.

The bank overdraft of the group undertakings are secured by cross-guarantees between group companies. At 30 September 2003 the net liability of the group including the company amounted to £59,452,000 (2002: £41,857,000).