

COMPANY NO: 2504301

SOUTHBROOK STUDIOS LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ Year ended 31 December 2000 ◆



SOUTHBROOK STUDIOS LIMITED

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SOUTHBROOK STUDIOS LIMITED

COMPANY INFORMATION

Directors	D J Dawson (Chairman) P F Dawson S S Butt
Secretary	P F Dawson
Registered office	21 Upper Brook Street London W1K 7PY
Registered number	2504301
Auditors	RSM Robson Rhodes Chartered Accountants and Registered Auditors 186 City Road London EC1V 2NU

SOUTHBROOK STUDIOS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the Company is the operation of studio and set construction facilities for television commercials.

Business review and future developments

The Directors are satisfied with the results of the Company for the year, which were achieved in difficult market conditions.

Results and dividends

The (loss)/profit for the year transferred to reserves is (£12,542) (1999: £144,727).

The directors do not recommend the payment of an ordinary dividend. Preference dividends and interest arrears totalling £153,711 (1999: £92,962) were transferred to a non-equity reserve.

Directors

The present directors of the company are shown on page 1. D J Dawson, P F Dawson and S S Butt served throughout the year.

Mr D J Dawson's interest in the share capital of the ultimate parent undertaking is disclosed in the accounts of the immediate parent undertaking.

Mr P F Dawson holds 31,250 ordinary shares of £1 each.

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and

prepared the financial statements on the going concern basis.

SOUTHBROOK STUDIOS LIMITED


REPORT OF THE DIRECTORS **(Continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

Messrs RSM Robson Rhodes being eligible offer themselves for re-appointment.

The report of the directors was approved by the Board on 23 April 2001 and signed on its behalf by:



P F Dawson
Secretary

SOUTHBROOK STUDIOS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOUTHBROOK STUDIOS LIMITED

We have audited the financial statements on pages 5 to 14.

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.

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 the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. 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 information outside the Annual Report.

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 affairs of the company as at 31 December 2000 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes

RSM Robson Rhodes
Chartered Accountants and Registered Auditor
London
England

23 April 2001

SOUTHBROOK STUDIOS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2000**

	Note	2000 £	1999 £
Turnover – continuing activities	1	1,595,104	1,690,813
Cost of sales		<u>(992,005)</u>	<u>(986,797)</u>
Gross profit		603,099	704,016
Administrative expenses		<u>(655,842)</u>	<u>(740,978)</u>
Operating loss - continuing activities	2	(52,743)	(36,962)
(Loss)/profit on disposal of tangible fixed assets		(280)	175,978
Interest payable and similar charges	5	(20,989)	(40,395)
Interest receivable and similar income	6	<u>82,870</u>	<u>39,087</u>
Profit on ordinary activities before taxation		8,858	137,708
Tax on profit on ordinary activities	7	<u>(21,400)</u>	<u>7,019</u>
(Loss)/Profit on ordinary activities after taxation		<u>(12,542)</u>	<u>144,727</u>

The company had no recognised gains or losses in the two years ended 31 December 2000 other than the results shown above.


SOUTHBROOK STUDIOS LIMITED**BALANCE SHEET**
At 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible fixed assets	8	<u>31,418</u>	<u>42,687</u>
Current assets			
Stocks	9	34,658	39,722
Debtors due in more than one year	11	930,000	930,000
Debtors due in less than one year	11	177,247	222,817
Cash at bank and in hand		<u>62,649</u>	<u>54,771</u>
		1,204,554	1,247,310
Creditors: Amounts falling due within one year	12	<u>(435,260)</u>	<u>(476,744)</u>
Net current assets		<u>769,294</u>	<u>770,566</u>
Total assets less current liabilities		<u>800,712</u>	<u>813,253</u>
Net Assets		<u>800,712</u>	<u>813,253</u>
Capital and reserves			
Equity shareholders' funds			
Called up share capital	14	1,250,000	1,250,000
Profit and loss account	15	<u>(1,855,208)</u>	<u>(1,688,956)</u>
Equity shareholders' funds	16	<u>(605,208)</u>	<u>(438,956)</u>
Non-equity shareholders' funds			
Called up share capital	14	700,000	700,000
Non-equity reserves	15	<u>705,920</u>	<u>552,209</u>
Non-equity shareholders' funds	16	<u>1,405,920</u>	<u>1,252,209</u>
Total Shareholders' funds	16	<u>800,712</u>	<u>813,253</u>

The financial statements were approved by the Board on 23 April 2001 and signed on its behalf by:



S S Butt
Director



P F Dawson
Director

NOTES TO THE FINANCIAL STATEMENTS
31 December 2000

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with the applicable accounting standards under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

Turnover

Turnover represents amounts derived from the provision of studio and set construction facilities for the production of television commercials. All the company's turnover is generated within the UK.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets to write them down over their expected useful lives or lease term if shorter. Where there is evidence of impairment, fixed assets are written down to their recoverable amounts. No depreciation is provided in the year of acquisition, a full year's depreciation is charged in the year of disposal. The principal annual rates used are:

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

Stock

Stocks are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition.

Leased assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2000**

1. ACCOUNTING POLICIES (Continued)

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made only to the extent that it is probable that the liability will become payable in the foreseeable future.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is a small company as defined under S246 to S249 of the Companies Act 1985

2. OPERATING LOSS

Operating loss is arrived at after charging :

	2000	1999
	£	£
Auditors' remuneration	5,770	7,838
Depreciation of tangible fixed assets - owned assets	<u>15,073</u>	<u>34,369</u>

3. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Remuneration	<u>69,952</u>	<u>69,903</u>

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2000**

4. EMPLOYEE INFORMATION

- (a) The average number of persons including directors employed by the company during the period is analysed below :

	2000 No.	1999 No.
Office and management	3	6
Set construction and lighting	<u>4</u>	<u>4</u>
	<u>7</u>	<u>10</u>

- (b) Employment costs of all employees included above :

	2000 £	1999 £
Wages and salaries	199,504	231,855
Social security costs	<u>20,814</u>	<u>22,426</u>
	<u>220,318</u>	<u>254,281</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest on overdraft and loans repayable wholly within five years	-	2,955
Interest on loans repayable to parent undertaking	<u>20,898</u>	<u>37,440</u>
	<u>20,898</u>	<u>40,395</u>

6. INTEREST RECEIVABLE AND SIMILAR CHARGES

	2000 £	1999 £
Other Interest	<u>82,870</u>	<u>39,087</u>
	<u>82,870</u>	<u>39,087</u>

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2000**

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Current year		
Corporation tax charge at 30% (1999 : 30.25 %)	(2,000)	(5,523)
Under provision for prior year	(19,400)	-
Amount payable to group companies in respect of group relief	-	(8,820)
Deferred taxation (see note 13)	-	21,362
	<u>(21,400)</u>	<u>7,019</u>

8. TANGIBLE FIXED ASSETS

	Short leases	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000	236,325	129,551	30,845	396,721
Additions	-	2,484	1,600	4,084
Disposals	-	(350)	(3,000)	(3,350)
	<u>236,325</u>	<u>131,685</u>	<u>29,445</u>	<u>397,455</u>
At 31 December 2000	<u>236,325</u>	<u>131,685</u>	<u>29,445</u>	<u>397,455</u>
Accumulated depreciation				
At 1 January 2000	236,325	94,739	22,970	354,034
Charged for year	-	11,323	3,750	15,073
Released on disposals	-	(70)	(3,000)	(3,070)
	<u>236,325</u>	<u>105,992</u>	<u>23,720</u>	<u>366,037</u>
At 31 December 2000	<u>236,325</u>	<u>105,992</u>	<u>23,720</u>	<u>366,037</u>
Net book value				
At 31 December 1999	<u>-</u>	<u>34,812</u>	<u>7,875</u>	<u>42,687</u>
At 31 December 2000	<u>-</u>	<u>25,693</u>	<u>5,725</u>	<u>31,418</u>

SQUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2000

9. STOCKS

Studios

	2000 £	1999 £
Raw materials	<u>34,658</u>	<u>39,722</u>

10. ASSETS HELD FOR DISPOSAL

	Freehold land and buildings 2000 £	Freehold land and buildings 1999 £
At 1 January 2000	-	1,100,000
Additions		
Disposal	<u>-</u>	<u>(1,100,000)</u>
At 31 December 2000	<u>-</u>	<u>-</u>

The freehold land and buildings were sold during 1999.

11. DEBTORS DUE IN MORE THAN ONE YEAR

	2000 £	1999 £
Mortgage	910,000	910,000
Deposit	<u>20,000</u>	<u>20,000</u>
	<u>930,000</u>	<u>930,000</u>

The mortgage loan is secured on the property situated at 484 London Road, Isleworth, Middlesex UK.

DEBTORS DUE IN LESS THAN ONE YEAR

Trade debtors	92,874	132,479
Prepayments and accrued income	<u>84,373</u>	<u>90,338</u>
	<u>177,247</u>	<u>222,817</u>

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

12. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Trade creditors	80,396	89,788
Amounts owed to parent undertaking	297,948	296,694
Accruals and other deferred income	12,427	24,665
Taxation and social security	44,489	65,597
	<u>435,260</u>	<u>476,744</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation 2000 £	Deferred taxation 1999 £
At 1 January 2000	-	21,362
Transfer from profit and loss account	<u>-</u>	<u>(21,362)</u>
At 31 December 2000	<u>-</u>	<u>-</u>

Deferred taxation comprises :

	Provided		Not provided	
	2000 £	1999 £	2000 £	1999 £
Accelerated allowances	-	-	(6,025)	(6,583)
Losses carried forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,974)</u>
	<u>-</u>	<u>-</u>	<u>(6,025)</u>	<u>(8,557)</u>

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2000**

14. SHARE CAPITAL

	2000 £	1999 £
Authorised		
700,000 10% cumulative convertible redeemable preference shares of £1 each	700,000	700,000
1,250,000 ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>
	<u>1,950,000</u>	<u>1,950,000</u>
Allotted and fully paid		
700,000 10% cumulative convertible redeemable preference shares of £1 each	700,000	700,000
1,250,000 ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>
	<u>1,950,000</u>	<u>1,950,000</u>

Cumulative convertible redeemable preference shares

Dividends are payable on 17 March and 17 September at 10 % per annum. The shares normally carry no votes but are convertible by the holder at any time into fully paid ordinary £1 shares. The shares are redeemable at any time at the company's option. At 31 December 2000 arrears of preference dividends totalled £705,920 (1999: £552,209) and were transferred to a non-equity reserve.

15. RESERVES

	2000 £	1999 £
Profit and loss account		
(Loss)/profit for the year	(12,542)	144,727
Transfer to non-equity reserve	<u>(153,711)</u>	<u>(92,962)</u>
	(166,253)	51,765
Balance at 1 January	<u>(1,688,955)</u>	<u>(1,740,721)</u>
Balance at 31 December	<u>(1,855,208)</u>	<u>(1,688,956)</u>
Non equity reserve		
Balance at 1 January	552,209	459,247
Transfer from profit and loss account	<u>153,711</u>	<u>92,962</u>
At 31 December	<u>705,920</u>	<u>552,209</u>

SOUTHBROOK STUDIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2000**

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2000	1999
	£	£
Equity/shareholder's funds		
(Loss)/profit for year	(12,542)	144,727
Transfer to non-equity reserve	(153,711)	(92,962)
Opening equity shareholders' funds	<u>(438,955)</u>	<u>(490,721)</u>
Closing equity shareholders' funds	<u>(605,208)</u>	<u>(438,956)</u>
Non equity shareholders' funds		
Transfer from equity reserves	153,711	92,962
Opening non-equity shareholders' funds	<u>1,252,209</u>	<u>1,159,247</u>
Closing non-equity shareholders' funds	<u>1,405,920</u>	<u>1,252,209</u>
Total shareholders' funds	<u>800,712</u>	<u>813,253</u>

17. FINANCIAL COMMITMENTS

Operating lease commitments

The annual commitments under operating leases are analysed according to the period in which each lease expires as follows

	2000	1999
	£	£
Land and buildings		
Leases expiring beyond five years	<u>237,823</u>	<u>237,823</u>

18. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Dawson Consolidated Holdings Limited, a company incorporated in the British Virgin Islands.

The smallest group of undertakings of which the company is a member, that prepares group accounts is headed by Southbrook Group Limited which is registered in England and Wales.

Its group accounts are available to the public (on payment of the appropriate fee), from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.