

Red Rooster Television Limited

Directors' report and financial statements

31 August 2000

Registered number 2534147



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report to the members of Red Rooster Television Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Reconciliation of movements in shareholders' funds	5
Balance sheet	6
Notes	7-14

Directors' report

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

Principal activities, trading review and future developments

The principal activity of the company is to develop and produce film and television programmes. A decision was taken during the year to transfer the trade of the Company to Bentley Productions Limited to form a central drama entity within Bentley Productions Limited. This transfer will occur during the year ending 31 August 2001.

Results and dividends

The loss for the year and transfer from reserves (1999: loss and transfer from reserves) are set out in the profit and loss account on page 4.

The directors do not anticipate the payment of a dividend for the year under review (1999: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

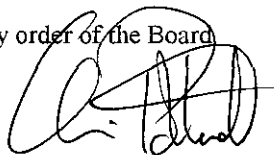
MJ Pilsworth
CN Spurgeon (resigned 4 January 2000)
P Green (appointed 8 September 2000)

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

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

At 31 August 2000 and 31 August 1999, MJ Pilsworth was also a director of Chrysalis Group plc, the ultimate parent company, and his share interests are disclosed in the directors' report of that company. The other directors had no disclosable interests in the company.

By order of the Board



CR Potterell
Secretary

The Chrysalis Building
Bramley Road
London
W10 6SP

23/05/2001

Statement of 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditor's report to the members of Red Rooster Television Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

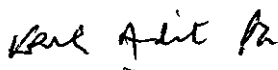
Basis of opinion

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 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 August 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 May 2001

Profit and loss account

for the year ended 31 August 2000

	<i>Notes</i>	2000 £	1999 £
Turnover	<i>1</i>	94,755	2,685,069
Cost of sales		(213,651)	(2,258,793)
		<hr/>	<hr/>
Gross (loss)/profit		(118,896)	426,276
Distribution costs		(935)	(2,759)
Administrative expenses		(540,196)	(386,615)
		<hr/>	<hr/>
Operating (loss)/profit		(660,027)	36,902
Other interest receivable and similar income	<i>5</i>	179	1,275
Interest payable and similar charges	<i>6</i>	(79,166)	(63,644)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>2</i>	(739,014)	(25,467)
Tax on loss on ordinary activities	<i>7</i>	(3,792)	(11,250)
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(742,806)	(36,717)
Accumulated losses brought forward		(1,101,454)	(1,064,737)
		<hr/>	<hr/>
Accumulated losses carried forward		(1,844,260)	(1,101,454)
		<hr/>	<hr/>

Amounts relating to turnover and operating loss in the current year relate to discontinued operations. In the previous year they derived from continuing activities.

The notes on pages 7 to 14 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 August 2000

There were no recognised gains or losses in the current or previous years other than the accumulated loss for those years.

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2000

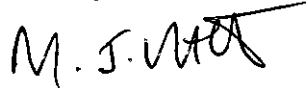
	2000 £	1999 £
Shareholders' deficit brought forward	(886,371)	(849,654)
Loss retained in the year	(742,806)	(36,717)
	<hr/>	<hr/>
Shareholders' deficit carried forward	(1,629,177)	(886,371)
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet

at 31 August 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	8	-	19,098
Current assets			
Debtors	9	210,052	211,484
Cash at bank and in hand		20,868	88,011
		<u>230,920</u>	<u>299,495</u>
Creditors: amounts falling due within one year	10	<u>(1,860,097)</u>	<u>(1,204,964)</u>
Net current liabilities		(1,629,177)	(905,469)
Total assets less current liabilities and net liabilities		<u>(1,629,177)</u>	<u>(886,371)</u>
Capital and reserves			
Called up share capital	11	133	133
Share premium account		214,950	214,950
Profit and loss account		<u>(1,844,260)</u>	<u>(1,101,454)</u>
Shareholders' deficit - equity		<u>(1,629,177)</u>	<u>(886,371)</u>

These financial statements were approved by the Board of directors on 23/05/2001 and were signed on its behalf by:



MJ Pilsworth
Director

The notes on pages 7 to 14 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following policies have been consistently applied:

Going concern

Chrysalis Group plc, the ultimate parent company, has agreed to provide the necessary funding to allow the company to meet its ongoing liabilities as they fall due for the foreseeable future.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of film production services to customers during the year. Turnover relates wholly to the company's principal activity in the UK.

Television production income recognition

Where the outcome can be assessed with reasonable certainty, turnover and attributable profits are recognised on contracts, which are incomplete at the end of the year, in the proportion that costs incurred to date bear to estimated ultimate costs, after making provision for anticipated losses.

Development expenditure

Pre-contract development expenditure is written off in the period in which it is incurred except where it relates to a clearly defined contract, the outcome of which can be assessed with reasonable certainty as to its success and commercial viability. In such cases pre-contract development expenditure and production costs are deferred to the extent that recovery can be reasonably regarded as assured and the costs are written off against revenue over the period of the contract.

Fixed assets and depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives at the following annual rates:

Fixtures and fittings	-	25%
Plant and machinery	-	25%
Leasehold improvements	-	over period of lease - 5 years

Translation of foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the loss on ordinary activities.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

Pensions relating to current and past service are funded by annual contributions to the group's pension scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions to the defined benefits section are determined by a qualified actuary on the basis of triennial valuations using the attained age method.

2 Loss on ordinary activities before taxation

	2000	1999
	£	£
<i>Loss on ordinary activities before Taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	3,220	3,480
Depreciation and other amounts written off tangible fixed assets:		
Owned	19,098	9,109
Hire of plant and machinery - operating leases	3,180	3,180
Hire of other assets - operating leases	29,500	29,500

Notes (continued)

3 Remuneration of directors

	2000 £	1999 £
Directors' emoluments:		
Highest paid director (salary and fees)	261,811	96,932
	<u>261,811</u>	<u>236,621</u>

MJ Pilsworth received remuneration from Chrysalis Group plc which is disclosed in the financial statements of that company.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2000	1999
Office and management	6	7

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	335,302	174,876
Social security costs	34,568	16,808
Other pension costs	18,469	8,703
	<u>388,339</u>	<u>200,387</u>

Notes (continued)

5 Other interest receivable and similar income

	2000 £	1999 £
Bank interest receivable	179	1,275
	<u>179</u>	<u>1,275</u>
	<u><u>179</u></u>	<u><u>1,275</u></u>

6 Interest payable and similar charges

	2000 £	1999 £
Bank interest payable	-	20
Amounts payable to group undertakings	79,166	63,624
	<u>79,166</u>	<u>63,644</u>
	<u><u>79,166</u></u>	<u><u>63,644</u></u>

7 Taxation

No tax charge arises in the current year because of available tax losses (1999: £11,250). Withholding tax written off in the year amounted to £3,792.

	2000 £	1999 £
UK corporation tax at 20% (1999: 20.6%)	-	11,250
Withholding tax written off	3,792	-
	<u>3,792</u>	<u>11,250</u>
	<u><u>3,792</u></u>	<u><u>11,250</u></u>

Notes (continued)

8 Tangible fixed assets

	Leasehold Improvements £	Equipment and computers fixtures and fittings £	Plant and Machinery £	Total £
<i>Cost</i>				
At beginning and end of year	93,648	116,961	7,500	218,109
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	86,706	104,805	7,500	199,011
Charge for year	6,942	12,156	-	19,098
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	93,648	116,961	7,500	218,109
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 August 2000	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1999	6,942	12,156	-	19,098
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Debtors: due within one year

	2000 £	1999 £
Trade debtors	21,448	5,221
Amounts owed by group undertakings	166,812	150,000
Other debtors	92	10
Prepayments and accrued income	21,700	56,253
	<u>210,052</u>	<u>211,484</u>

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	11,222	18,597
Amounts owed to group undertakings	1,484,417	978,904
Other creditors including taxation and social security:		
Other taxes and social security	377	11,842
Other creditors	52,882	14,320
Accruals and deferred income	311,199	181,301
	<u>1,860,097</u>	<u>1,204,964</u>

Notes (continued)

11 Called up share capital

<i>Equity</i>	2000	1999
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each		
50 "A" Ordinary shares	50	50
50 "B" Ordinary shares	50	50
33 "C" Ordinary shares	33	33
	<hr/> 133 <hr/>	<hr/> 133 <hr/>

The authorised Share Capital of the company is divided into 50 "A" Ordinary £1 shares, 50 "B" Ordinary £1 shares and 33 "C" Ordinary £1 shares.

The "A" Ordinary and "B" Ordinary shares rank pari passu in all aspects with each other for participation in the profits and assets of the Company. The "C" Ordinary shares are not entitled to receive a dividend or return on capital unless and until a dividend of £10,000 per share has been paid to the other class holders. The "C" shares have no voting rights and are not entitled to receive notice of or attend any General Meetings of the Company.

12 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000		1999
	Land and Buildings £	Other £	Land and Buildings £
Operating leases which			Other £
Expire:			
2-5 years	29,500	3,180	29,500
	<hr/> 29,500 <hr/>	<hr/> 3,180 <hr/>	<hr/> 3,180 <hr/>

13 Pension costs

The UK Group operates a pension scheme with a defined benefits section and a defined contributions section. The defined benefits section was closed to new entrants after 1 July 1994. The assets of the scheme are held under trust separately from those of the group, and are invested by external fund managers.

Further details of the scheme are given in the financial statements of Chrysalis Group plc, the ultimate parent company.

Notes (continued)

14 Deferred tax

A deferred tax asset arises in the UK which is not recognised in the accounts. The amount can be analysed as follows:

	2000 Unprovided £	1999 Unprovided £
Unutilised trading losses	132,707	132,707
Difference between accumulated depreciation and capital allowances	22,702	24,540
	<hr/> 155,409 <hr/>	<hr/> 157,247 <hr/>

15 Cash flow statements

The company is exempt from the requirement of Financial Reporting Statement No 1 (revised 1996) to prepare a cash flow statement on the grounds that its parent undertaking, Chrysalis Group plc, includes the company in its own published consolidated financial statements.

16 Related party transactions

As the company is a wholly owned subsidiary of Chrysalis Group plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Chrysalis Group plc, within which the company is included, can be obtained from the address given in note 17. There were no other related party transactions.

17 Ultimate parent company

The ultimate parent company is Chrysalis Group plc, which is registered in England and Wales. The accounts of this company may be obtained from The Secretary, Chrysalis Group plc, The Chrysalis Building, Bramley Road, London W10 6SP.