

WALL TO WALL (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 30 JUNE 2004

Company Registration Number 2580387



WALL TO WALL (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

| CONTENTS | PAGE |
|--|-------------|
| The directors' report | 1 |
| Independent auditors' report to the shareholders | 3 |
| <i>Profit and loss account</i> | 5 |
| Reconciliation of movements in shareholders' funds | 6 |
| Group balance sheet | 7 |
| Balance sheet | 8 |
| Group cash flow cash flow statement | 9 |
| Notes to the financial statements | 10 |

WALL TO WALL (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2004

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 June 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the production and exploitation of television programmes and their associated rights.

With the change in the codes of practice for the television industry the group has split the production of television programmes from exploiting the programme rights. The group has also started production of programmes in the US with the intention of exploiting the television market there.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

| | 2004 £ | 2003 £ |
|--------------------------------------|----------------|-----------|
| Proposed dividend on ordinary shares | <u>190,000</u> | 319,612 |

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Ordinary Shares of £0.10 each | |
|----------|-------------------------------|-------------------|
| | At 30 June 2004 | At 1 July 2003 |
| A Graham | 7,500 | 7,500 |
| J Hewes | <u>1,250</u> | <u>1,250</u> |

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 group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 12, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

WALL TO WALL (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2004

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint West & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
325 City Road
London
EC1V 1LJ

Signed by order of the directors



H ELY
Company Secretary

Approved by the directors on 27 January 2005

WALL TO WALL (HOLDINGS) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WALL TO WALL (HOLDINGS) LIMITED
YEAR ENDED 30 JUNE 2004

We have audited the financial statements of Wall To Wall (Holdings) Limited for the year ended 30 June 2004 on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 group'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. However the evidence available to us was limited because the financial statements of the company's subsidiary, Wall to Wall Inc, have not been audited but have been subject to a review engagement. Sales by Wall to Wall Inc all of which are intergroup amounted to £1,670,691 (2003 £Nil) generating a loss of £1,766 (2003 £Nil). The net liabilities were £1,765 (2003 £Nil) In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

WALL TO WALL (HOLDINGS) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WALL TO WALL (HOLDINGS) LIMITED *(continued)*
YEAR ENDED 30 JUNE 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs, and except for any amendment which may have arisen had the above been subject to audit of the group as at 30 June 2004 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



WEST & CO
Chartered Accountants
& Registered Auditors

325 City Road
London
EC1V 1LJ

27 January 2005

WALL TO WALL (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2004

| | Note | 2004 £ | 2003 £ |
|--|-----------|-----------------------|-----------------------|
| GROUP TURNOVER | 2 | 19,817,381 | 16,861,432 |
| Cost of sales | | <u>14,580,699</u> | <u>12,828,541</u> |
| GROSS PROFIT | | 5,236,682 | 4,032,891 |
| Administrative expenses | | <u>5,074,278</u> | <u>3,622,763</u> |
| OPERATING PROFIT | 3 | 162,404 | 410,128 |
| Profit on disposal of fixed assets | 6 | <u>3,314</u> | <u>—</u> |
| | | 165,718 | 410,128 |
| Interest receivable | | <u>327,016</u> | <u>332,795</u> |
| Interest payable | 7 | <u>(57,910)</u> | <u>(37,403)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 434,824 | 705,520 |
| Tax on profit on ordinary activities | 8 | <u>92,182</u> | <u>180,143</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 9 | 342,642 | 525,377 |
| Dividends | 10 | <u>190,000</u> | <u>319,612</u> |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | <u>152,642</u> | <u>205,765</u> |

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 10 to 21 form part of these financial statements.

WALL TO WALL (HOLDINGS) LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 30 JUNE 2004

| | 2004 £ | 2003 £ |
|------------------------------------|------------------|------------------|
| Profit for the financial year | 342,642 | 525,377 |
| Dividends | <u>(190,000)</u> | <u>(319,612)</u> |
| | 152,642 | 205,765 |
| Opening shareholders' equity funds | <u>1,117,360</u> | <u>911,595</u> |
| Closing shareholders' equity funds | <u>1,270,002</u> | <u>1,117,360</u> |

The notes on pages 10 to 21 form part of these financial statements.

WALL TO WALL (HOLDINGS) LIMITED

GROUP BALANCE SHEET

30 JUNE 2004

| | Note | 2004 £ | 2003 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 922,500 | 693,771 |
| CURRENT ASSETS | | | |
| Stocks | 14 | 2,275,198 | 627,204 |
| Debtors | 15 | 759,890 | 2,730,420 |
| Cash at bank and in hand | 16 | 1,536,728 | 539,220 |
| | | <u>4,571,816</u> | <u>3,896,844</u> |
| CREDITORS: Amounts falling due within one year | 17 | <u>4,086,348</u> | <u>3,421,874</u> |
| NET CURRENT ASSETS | | <u>485,468</u> | <u>474,970</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,407,968</u> | <u>1,168,741</u> |
| CREDITORS: Amounts falling due after more than one year | 18 | 137,966 | 51,381 |
| LINKED TRANSACTIONS | | | |
| Amounts held on deposit | 20 | 5,137,452 | 5,313,348 |
| Less: Capital element of leasing liabilities outstanding | | <u>5,137,452</u> | <u>5,313,348</u> |
| | | <u>1,270,002</u> | <u>1,117,360</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 22 | 1,000 | 1,000 |
| Profit and loss account | 23 | 1,269,002 | 1,116,360 |
| SHAREHOLDERS' FUNDS | | <u>1,270,002</u> | <u>1,117,360</u> |

These financial statements were approved by the directors on the 27 January 2005 and are signed on their behalf by:


A GRAHAM

The notes on pages 10 to 21 form part of these financial statements.

WALL TO WALL (HOLDINGS) LIMITED

BALANCE SHEET

30 JUNE 2004

| | Note | 2004 £ | £ | 2003 £ |
|---|------|-----------|----------|-----------|
| FIXED ASSETS | | | | |
| Investments | 12 | | 202 | 200 |
| CURRENT ASSETS | | | | |
| Debtors | 15 | 459,100 | | 562,597 |
| Cash at bank | 16 | 2,114 | | 2,716 |
| | | 461,214 | | 565,313 |
| CREDITORS: Amounts falling due within one year | 17 | 474,481 | | 501,487 |
| NET CURRENT (LIABILITIES)/ASSETS | | | (13,267) | 63,826 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | (13,065) | 64,026 |
| CAPITAL AND RESERVES | | | | |
| Called-up equity share capital | 22 | | 1,000 | 1,000 |
| Profit and loss account | 23 | | (14,065) | 63,026 |
| (DEFICIENCY)/SHAREHOLDERS' FUNDS | | | (13,065) | 64,026 |

These financial statements were approved by the directors on the 27 January 2005 and are signed on their behalf by:


A GRAHAM

The notes on pages 10 to 21 form part of these financial statements.

WALL TO WALL (HOLDINGS) LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2004

| | Note | 2004 £ | 2003 £ |
|---|------|-----------|-----------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 24 | 1,382,698 | 865,890 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 24 | 267,577 | 273,659 |
| TAXATION | 24 | (182,837) | (106,052) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | 24 | (419,276) | (240,440) |
| EQUITY DIVIDENDS PAID | | (190,000) | (319,612) |
| CASH INFLOW BEFORE FINANCING | | 858,162 | 473,445 |
| FINANCING | 24 | (548,357) | (530,725) |
| INCREASE/(DECREASE) IN CASH | 24 | 309,805 | (57,280) |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Related parties transactions

As stated in note 11, the company has a 100% interest, either directly or indirectly, in four subsidiary undertakings. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with other members of the group.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|-----------------------|-------------------------|
| Fixtures and Fittings | 15% straight line basis |
| Motor Vehicles | 20% straight line basis |
| Equipment | 15% straight line basis |

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Finance lease agreements

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 in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Production advances and production costs in progress

Advances received for the funding of productions less production costs expended at the balance sheet date are carried forward until the production has been completed because a right to consideration only arises on completion. Profit on the production is not fully taken until the production has been completed, when the final costs of production have been agreed and over or under spent costs can be dealt with.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

| | 2004 £ | 2003 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 16,724,964 | 11,044,072 |
| Overseas | 3,092,417 | 5,817,360 |
| | <u>19,817,381</u> | <u>16,861,432</u> |

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2004 £ | 2003 £ |
|--|---------------|---------------|
| Depreciation of owned fixed assets | 151,658 | 78,944 |
| Depreciation of assets held under hire purchase agreements | 42,203 | 61,010 |
| Auditors' remuneration | | |
| - as auditors | 27,530 | 23,225 |
| Operating lease costs: | | |
| Land and buildings | 161,565 | 106,561 |
| Net loss on foreign currency translation | <u>67,936</u> | <u>51,544</u> |

WALL TO WALL (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

| | 2004 | 2003 |
|--------------------------------|------------|-----------|
| | No | No |
| Number of production staff | 105 | 50 |
| Number of administrative staff | 53 | 26 |
| | <u>158</u> | <u>76</u> |

The aggregate payroll costs of the above were:

| | 2004 | 2003 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,988,973 | 2,097,993 |
| Social security costs | 331,681 | 189,971 |
| Other pension costs | 24,340 | 46,240 |
| Other pension costs | 37,744 | 4,250 |
| | <u>3,382,738</u> | <u>2,338,454</u> |

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2004 | 2003 |
|--|----------------|----------------|
| | £ | £ |
| Emoluments receivable | 183,750 | 184,807 |
| Value of company pension contributions to money purchase schemes | 36,432 | 28,677 |
| | <u>220,182</u> | <u>213,484</u> |

The number of directors who accrued benefits under company pension schemes was as follows:

| | 2004 | 2003 |
|------------------------|----------|----------|
| | No | No |
| Money purchase schemes | <u>2</u> | <u>1</u> |

6. PROFIT ON DISPOSAL OF FIXED ASSETS

| | 2004 | 2003 |
|------------------------------------|--------------|------|
| | £ | £ |
| Profit on disposal of fixed assets | <u>3,314</u> | — |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2004 | 2003 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | (116) | 653 |
| Finance charges | 58,026 | 36,750 |
| | <u>57,910</u> | <u>37,403</u> |

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2004 | 2003 |
|--|---------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax based on the results for the year at 30% (2003 - 30%) | 92,182 | 180,143 |
| Total current tax | <u>92,182</u> | <u>180,143</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

| | 2004 | 2003 |
|---|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>434,824</u> | <u>705,520</u> |
| Profit/(loss) on ordinary activities by rate of tax | 110,323 | 211,654 |
| Capital allowances adjustment | 5,318 | (60,415) |
| Marginal rate adjustment | (34,572) | (15,732) |
| Additional items added back | 1,076 | 44,636 |
| Tax chargeable at lower rates | <u>10,037</u> | <u>—</u> |
| Total current tax (note 8(a)) | <u>92,182</u> | <u>180,143</u> |

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £112,909 (2003 - £332,500).

10. DIVIDENDS

The following dividends have been proposed in respect of the year:

| | 2004 | 2003 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Proposed dividend on ordinary shares | <u>190,000</u> | <u>319,612</u> |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

11. TANGIBLE FIXED ASSETS

| Group | Leasehold Property £ | Fixtures & Fittings £ | Motor Vehicles £ | Equipment £ | Total £ |
|------------------------|----------------------------|-----------------------------|------------------------|------------------|------------------|
| COST | | | | | |
| At 1 July 2003 | 31,570 | 8,993 | 14,747 | 778,415 | 833,725 |
| Additions | — | 24,714 | 31,995 | 375,567 | 432,276 |
| Disposals | — | — | (14,747) | — | (14,747) |
| At 30 June 2004 | 31,570 | 33,707 | 31,995 | 1,153,982 | 1,251,254 |
| DEPRECIATION | | | | | |
| At 1 July 2003 | — | 2,273 | 3,587 | 134,094 | 139,954 |
| Charge for the year | — | 4,868 | 4,674 | 184,319 | 193,861 |
| On disposals | — | — | (5,061) | — | (5,061) |
| At 30 June 2004 | — | 7,141 | 3,200 | 318,413 | 328,754 |
| NET BOOK VALUE | | | | | |
| At 30 June 2004 | 31,570 | 26,566 | 28,795 | 835,569 | 922,500 |
| At 30 June 2003 | 31,570 | 6,720 | 11,160 | 644,321 | 693,771 |

Hire purchase agreements

Included within the net book value of £922,500 is £318,798 (2003 - £294,210) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £42,203 (2003 - £61,010).

12. INVESTMENTS

| Company | Group companies £ |
|------------------------|-------------------------|
| COST | |
| At 1 July 2003 | 200 |
| Additions | 2 |
| At 30 June 2004 | 202 |
| NET BOOK VALUE | |
| At 30 June 2004 | 202 |
| At 30 June 2003 | 200 |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

13. FIXED ASSET INVESTMENTS

| | | | Group | Company |
|--------------------------------------|-------|------|-------|---------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Interests in Subsidiary undertakings | 1,302 | 300 | 202 | 200 |

At 30th June 2003 the Group and the Company held 100% of the equity of the following companies

| Name of Company | Class of shares | Principal activity |
|------------------------------|---------------------|---------------------|
| Wall to Wall Television Ltd | ordinary £1 shares | TV production |
| Spring Place Services Ltd | ordinary £1 shares | Management Services |
| Wall to Wall Drama Ltd* | ordinary £1 shares | TV production |
| Wall to Wall Egypt Ltd* | ordinary £1 shares | TV production |
| Wall to Wall Media Ltd | ordinary £1 shares | TV production |
| Wall to Wall New Tricks Ltd* | ordinary £1 shares | TV production |
| Wall to Wall Inc* | ordinary \$1 shares | TV production |

*Investments held through subsidiary undertakings

All of the subsidiary undertakings have been consolidated in the Group financial statements and are registered in England and Wales except for Wall to Wall Inc.

All of the above companies are subsidiaries undertakings by virtue of being wholly owned.

Wall to Wall Inc is a US company. Its accounts have not been audited but were subject to a review engagement and have been included in the consolidated financial statements.

Aggregate capital and reserves

| | 2004 | 2003 |
|---------------------------------|---------|---------|
| Wall to Wall Television Limited | 712,492 | 728,353 |
| Spring Place Services | 270,598 | 243,598 |
| Wall to Wall Drama Ltd | 543 | 1,052 |
| Wall to Wall Egypt Limited | 107,625 | 80,625 |
| Wall to Wall Media Limited | 166,878 | 2 |
| Wall to Wall New Tricks Limited | 28,000 | Nil |
| Wall to Wall Inc | 1,765 | Nil |

Profit and (loss) for the year

| | | |
|---------------------------------|----------|---------|
| Wall to Wall Television Limited | (15,861) | 103,178 |
| Spring Place Services | 27,000 | 49,194 |
| Wall to Wall Drama Ltd | (515) | 5 |
| Wall to Wall Egypt Limited | 27,000 | 40,000 |
| Wall to Wall Media Limited | 166,876 | Nil |
| Wall to Wall New Tricks Limited | 27,000 | Nil |
| Wall to Wall Inc | (1,765) | Nil |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

14. STOCKS

| | Group | | Company | |
|------------------|------------------|----------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Work in progress | <u>2,275,198</u> | <u>627,204</u> | <u>—</u> | <u>—</u> |

15. DEBTORS

| | Group | | Company | |
|--|----------------|------------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Trade debtors | <u>382,308</u> | <u>2,525,304</u> | <u>—</u> | <u>—</u> |
| Amounts owed by group undertakings | — | — | <u>458,975</u> | <u>562,472</u> |
| Amounts owed by undertakings in which the company has a participating interest | <u>85,445</u> | <u>74,316</u> | <u>—</u> | <u>—</u> |
| Other debtors | <u>188,104</u> | <u>50,785</u> | <u>125</u> | <u>125</u> |
| Prepayments and accrued income | <u>104,033</u> | <u>80,015</u> | <u>—</u> | <u>—</u> |
| | <u>759,890</u> | <u>2,730,420</u> | <u>459,100</u> | <u>562,597</u> |

16. CASH AT BANK AND IN HAND

| | Group | | Company | |
|---------------------------------|------------------|----------------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Bank deposit account | <u>32,030</u> | <u>338,999</u> | <u>—</u> | <u>—</u> |
| Production Bank deposit account | — | 8,667 | <u>—</u> | <u>—</u> |
| Cash at bank | — | 5,366 | <u>2,114</u> | <u>2,716</u> |
| Production Cash at Bank | <u>1,419,843</u> | <u>144,380</u> | <u>—</u> | <u>—</u> |
| Cash in hand | <u>10,672</u> | <u>1,304</u> | <u>—</u> | <u>—</u> |
| Production Cash in Hand | <u>74,183</u> | <u>40,504</u> | <u>—</u> | <u>—</u> |
| | <u>1,536,728</u> | <u>539,220</u> | <u>2,114</u> | <u>2,716</u> |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

17. CREDITORS: Amounts falling due within one year

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 687,703 | 661,395 | - | - |
| Trade creditors | 670,651 | 568,828 | - | - |
| Amounts owed to group undertakings | - | - | 236,061 | 40,125 |
| Amounts owed to undertakings in which the company has a participating interest | 169,108 | 169,108 | - | - |
| Hire purchase agreements | 133,332 | 106,879 | - | - |
| Directors' loan accounts | 189,351 | 318,962 | 189,250 | 318,862 |
| Other creditors | 415,925 | 632,600 | 48,170 | 142,500 |
| Accruals and deferred income | 1,820,278 | 964,102 | 1,000 | - |
| | <u>4,086,348</u> | <u>3,421,874</u> | <u>474,481</u> | <u>501,487</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | Group | | Company | |
|---------------------------|----------------|----------------|---------|------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>699,116</u> | <u>661,395</u> | - | - |

18. CREDITORS: Amounts falling due after more than one year

| | Group | | Company | |
|--------------------------|----------------|---------------|---------|------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Trade creditors | - | (2) | - | - |
| Hire purchase agreements | 137,966 | 51,383 | - | - |
| | <u>137,966</u> | <u>51,381</u> | - | - |

19. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

| | Group | | Company | |
|---------------------------------------|----------------|----------------|---------|------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Amounts payable within 1 year | 131,933 | 106,879 | - | - |
| Amounts payable between 1 and 2 years | 100,588 | 51,383 | - | - |
| Amounts payable between 3 and 5 years | 38,777 | - | - | - |
| | <u>271,298</u> | <u>158,262</u> | - | - |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

20. SIGNIFICANT TRANSACTIONS

The company has entered into certain sale and leaseback transactions of television and film programme rights. Funds received from these transactions are held in deposit accounts and comprise monies to provide for the full discharge of future leasing liabilities. The banks with which these sums are deposited have given guarantees to the lessor in respect of these liabilities.

| | Company | |
|---|-------------------------|------------------|
| | 2004 | 2003 |
| | £ | £ |
| Amounts payable within 1 year | 211,002 | 175,896 |
| Amounts payable between 1 and 2 years | 249,802 | 211,002 |
| Amounts payable between 3 and 5 years | 1,018,092 | 880,353 |
| Amounts payable after more than 5 years | 3,658,556 | 4,046,097 |
| | <u>5,137,452</u> | <u>5,313,348</u> |

21. RELATED PARTY TRANSACTIONS

The company was under the control of Mr A Graham throughout the current and previous year. Mr A Graham is the managing director and majority shareholder.

The group charged Wall to Wall Sale and Leaseback Ltd, a company controlled by Mr A Graham but not part of the group, a management charge of £Nil (2003: £100,000). At the year end it owed the company £83,663 (2003: £94,792).

22. SHARE CAPITAL

Authorised share capital:

| | 2004 | 2003 |
|--------------------------------------|---------------------|--------------|
| | £ | £ |
| 10,000 Ordinary shares of £0.10 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2004 | | 2003 | |
|-------------------------------|----------------------|---------------------|---------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £0.10 each | <u>10,000</u> | <u>1,000</u> | <u>10,000</u> | <u>1,000</u> |

23. RESERVES

| Group | Profit and loss account |
|------------------------------|--------------------------------|
| | £ |
| Balance brought forward | 1,116,360 |
| Retained profit for the year | <u>152,642</u> |
| Balance carried forward | <u>1,269,002</u> |

WALL TO WALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

23. RESERVES *(continued)*

| Company | Profit and loss account £ |
|-------------------------|---------------------------------|
| Balance brought forward | 63,026 |
| Loss for the year | (77,091) |
| Balance carried forward | (14,065) |

24. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2004 £ | 2003 £ |
|---|-------------|-------------|
| Operating profit | 162,404 | 410,128 |
| Interest payable | 1,529 | 21,733 |
| Depreciation | 193,861 | 139,954 |
| (Increase)/decrease in stocks | (1,647,994) | 598,786 |
| Decrease/(increase) in debtors | 1,970,530 | (1,041,500) |
| Increase in creditors | 702,368 | 736,789 |
| Net cash inflow from operating activities | 1,382,698 | 865,890 |

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Interest received | 327,016 | 332,795 |
| Interest paid | (1,413) | (22,386) |
| Interest element of hire purchase | (58,026) | (36,750) |
| Net cash inflow from returns on investments and servicing of finance | 267,577 | 273,659 |

TAXATION

| | 2004 £ | 2003 £ |
|----------|-----------|-----------|
| TAXATION | (182,837) | (106,052) |

CAPITAL EXPENDITURE

| | 2004 £ | 2003 £ |
|---|-----------|-----------|
| Payments to acquire tangible fixed assets | (432,276) | (240,440) |
| Receipts from sale of fixed assets | 13,000 | -- |
| Net cash outflow from capital expenditure | (419,276) | (240,440) |

WALL TO WALL (HOLDINGS) LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

| | 2004 £ | 2003 £ |
|---|------------------|------------------|
| FINANCING | | |
| | 2004 £ | 2003 £ |
| Repayment of bank loans | (661,395) | (48,686) |
| Net inflow/(outflow) from long-term trade creditors | 2 | (2) |
| Capital element of hire purchase | 113,036 | (482,037) |
| Net cash outflow from financing | (548,357) | (530,725) |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2004 £ | 2003 £ |
|---|----------------|------------------|
| Increase/(decrease) in cash in the period | 309,805 | (57,280) |
| Net cash outflow from bank loans | 661,395 | 48,686 |
| Net cash (inflow) from/outflow from long-term trade creditors | (2) | 2 |
| Cash outflow in respect of hire purchase | (113,036) | 482,037 |
| | <u>858,162</u> | <u>473,445</u> |
| Change in net funds | 858,162 | 473,445 |
| Net debt at 1 July 2003 | (280,435) | (753,880) |
| Net funds at 30 June 2004 | <u>577,727</u> | <u>(280,435)</u> |

ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 Jul 2003 £ | Cash flows £ | At 30 Jun 2004 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | 539,220 | 997,508 | 1,536,728 |
| Overdrafts | — | (687,703) | (687,703) |
| | <u>539,220</u> | <u>309,805</u> | <u>849,025</u> |
| Debt: | | | |
| Debt due within 1 year | (661,395) | 661,395 | — |
| Debt due after 1 year | 2 | (2) | — |
| Hire purchase agreements | (158,262) | (113,036) | (271,298) |
| | <u>(819,655)</u> | <u>548,357</u> | <u>(271,298)</u> |
| Net funds | <u>(280,435)</u> | <u>858,162</u> | <u>577,727</u> |