

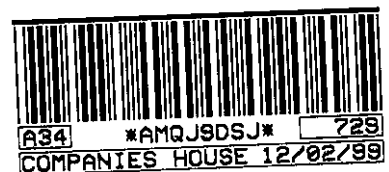
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WORLD TELEVISION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

KIDSONS IMPEY

**CHARTERED ACCOUNTANTS
BRISTOL**



WORLD TELEVISION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

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Company Number : 2590549

WORLD TELEVISION LIMITED

DIRECTORS REPORT

The directors present their report and the audited financial statements for the period ended 30 September 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is the production and distribution of television news and related programmes.

YEAR 2000 COMPLIANCE

As is well known, many computers and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only upon our computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

DIRECTORS AND THEIR INTEREST IN SHARES

The directors who held office during the period and their interest in the ordinary £1 shares of the company are as follows : -

	<u>Ordinary Shares of £1 each</u>	
	<u>30.9.98</u>	<u>30.9.97</u>
A M BOOTH	10,000	1
P J SIBLEY	10,000	1

SMALL COMPANY EXEMPTIONS

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

AUDITORS

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

WORLD TELEVISION LIMITED

DIRECTORS REPORT (continued)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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.
- 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 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.



BY ORDER OF THE BOARD

ANDREW BOOTH
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF WORLD TELEVISION LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared in accordance with the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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.

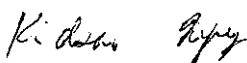
BASIS OF OPINION

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 consider 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 at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and
Registered Auditor

Bristol

8 February 1999

WORLD TELEVISION LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER		1,317,609	890,753
Cost of sales		523,634	347,127
		<hr/>	<hr/>
GROSS PROFIT		793,975	543,626
Administrative expenses		589,940	387,728
		<hr/>	<hr/>
OPERATING PROFIT	1	204,035	155,898
Bank interest receivable		708	429
Interest payable	4	(17,934)	(14,761)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		186,809	141,566
Taxation	5	(34,500)	(32,474)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	152,309	109,092
Dividends paid	6	(84,000)	(40,000)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE PERIOD		68,309	69,092
		<hr/>	<hr/>

All the company's activities are classified as continuing.

Movements in reserves are shown in the notes to the financial statements.

There were no recognised gains or losses in 1998 or 1997 other than the profit for the period.

WORLD TELEVISION LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	<u>1998</u>	<u>1997</u>
	£	£
Reported profit on ordinary activities before taxation	186,809	141,566
Difference between actual and historical cost depreciation	1,429	1,158
Historical cost profit on ordinary activities before taxation	<u>188,238</u>	<u>142,724</u>
Taxation	34,500	32,474
Dividends	<u>84,000</u>	<u>40,000</u>
Retained historical cost profit for the year after taxation and dividends	<u><u>69,738</u></u>	<u><u>70,250</u></u>


WORLD TELEVISION LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
FIXED ASSETS			
Tangible assets	7	361,244	347,684
CURRENT ASSETS			
Stocks	8	25,619	3,110
Debtors	9	425,227	278,016
Cash at bank and in hand		1,389	11,901
		452,235	293,027
CREDITORS : AMOUNTS DUE WITHIN ONE YEAR	10	(485,802)	(391,430)
NET CURRENT LIABILITIES		(33,567)	(98,403)
TOTAL ASSETS LESS CURRENT LIABILITIES		327,677	249,281
CREDITORS : AMOUNTS DUE AFTER MORE THAN ONE YEAR	10	(98,172)	(88,085)
PROVISION FOR LIABILITIES AND CHARGES	12	(8,000)	(8,000)
		221,505	153,196
CAPITAL AND RESERVES			
Called up share capital	13	20,000	2
Profit and loss account	14	159,427	109,687
Revaluation reserve	14	42,078	43,507
SHAREHOLDERS' FUNDS	14	221,505	153,196

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 13 were approved by the board of directors on 3 December 1998, and were signed on it's behalf by :

) Director

WORLD TELEVISION LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of freehold property, and in accordance with applicable Accounting Standards.

TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of each asset less its estimated residual value to the periods expected to benefit from its use at the following rates :

Freehold Property	2% straight line
Specialist equipment	12.5% straight line
Office furniture, fittings and equipment	20% straight line

STOCK

Stock is stated in the balance sheet at the lower of cost and net realisable value.

TURNOVER

Turnover represents the amounts derived from the provision of goods and services during the period, excluding value added tax.

CASHFLOW STATEMENT

The company has taken advantage of the exemption available to small companies in Financial Reporting Standard 1 and has not produced a cash flow statement.

LEASED ASSETS

In accordance with the principles of Statement of Standard Accounting Practice No.21, assets used by the company funded by finance leases and hire purchase contracts have been capitalised. Details of the net book value of such assets are included in note 5 and of the future liabilities under such contracts in note 8. A charge is made against profit for the financing charges on such assets. Assets funded by operating leases are not capitalised, total costs being charged to the profit and loss account as hire of equipment.

PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme and is shown in note 2 to the accounts.

DEFERRED TAXATION

Provision is made, using the liability method, for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

FOREIGN EXCHANGE

Transactions in foreign currencies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

WORLD TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998****1 OPERATING PROFIT**

	<u>1998</u> £	<u>1997</u> £
The operating profit is stated after charging :		
Auditors' remuneration	3,000	3,000
Depreciation of owned assets	52,531	58,817
Depreciation of assets held under lease agreements	6,295	5,712
Profit on sale of assets	(3,592)	-
Hire of equipment	14,169	12,268
	<u> </u>	<u> </u>

2 TURNOVER ✓

In the opinion of the directors, 64% of the turnover of the company is attributable to geographical markets outside the U.K. (1997 60%).

3 DIRECTORS

The directors' emoluments were :	£	£
Directors' emoluments	100,500	68,937
Company contributions to a money purchase pension scheme	2,400	2,400
	<u>102,900</u>	<u>71,337</u>

4 INTEREST PAYABLE

	<u>1998</u> £	<u>1997</u> £
On finance leases	4,647	7,079
On bank loans	13,287	7,682
	<u>17,934</u>	<u>14,761</u>

5 TAXATION

	<u>1998</u> £	<u>1997</u> £
U.K. Corporation tax on current period profit at 21%	35,000	23,631
(Over) / underprovision in prior years	(500)	843
Provision for deferred taxation	- ✓	8,000
	<u>34,500</u>	<u>32,474</u>

6 DIVIDENDS

	<u>1998</u>	<u>1997</u>
Equity - ordinary/final	84,000	40,000

WORLD TELEVISION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998** (continued)

7. TANGIBLE FIXED ASSETS

COST OR VALUATION	Freehold Property £	Office Furniture & Equipment £	Specialist Equipment £	Total £
At 1 October 1997	112,415	40,350	368,665	521,430
Additions	18,321	9,563	48,061	75,945
Disposals	-	(1,392)	(26,693)	(28,085)
At 30 September 1998	130,736	48,521	390,033	569,290
DEPRECIATION				
At 1 October 1997	2,221	15,051	156,474	173,746
Charge for period	2,541	9,157	47,128	58,826
Disposals	-	(1,392)	(23,134)	(24,526)
At 30 September 1998	4,762	22,816	180,468	208,046
NET BOOK VALUE				
At 30 September 1998	125,974	25,705	209,565	361,244
At 30 September 1997	110,194	25,299	212,191	347,684

Included in the above are the following amounts relating to leased assets : Equipment at net book value £44,235 ('1997 - £32,155)

WORLD TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 SEPTEMBER 1998**

(continued)

7. TANGIBLE FIXED ASSETS (continued)

The freehold property was revalued on 10 September 1995 by Osmond Tricks, Consultant Surveyors at open market value and this revaluation has been reflected in the accounts. The surplus arising has been credited to the revaluation reserve.

The historical cost of the freehold property is :

	£
Historical cost	88,694 ✓
Accumulated depreciation based on historical cost	5,164
	<hr/>
Historical cost at book value	83,530 ✓
	<hr/> <hr/>

All other assets are stated at historical cost.

8. STOCKS	<u>1998</u>	<u>1997</u>
	£	£
Stocks	25,619	3,110
	<hr/>	<hr/>
9. DEBTORS	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	416,333	253,446
Other debtors	8,894	24,570
	<hr/>	<hr/>
	425,227	278,016
	<hr/> <hr/>	<hr/> <hr/>

WORLD TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

(continued)

10. CREDITORS	<u>1998</u>	<u>1997</u>
	£	£
Amounts due within one year :		
Bank overdraft (see note 11)	39,974	27,849
Bank loans (see note 11) ✓	32,666	23,857
Payments received on account	126,941	39,518
Trade creditors	129,772	159,413
Advance corporation tax	21,000 ✓	10,000
Corporation tax	14,000 ✓	13,631
Other taxes and social security	19,886	19,791
Accruals	17,663	33,923
Directors' loan account	66,000	50,910
Finance lease	17,900	12,538
	<u>485,802</u>	<u>391,430</u>
Amounts due after more than one year		
Bank loans (see note 11)	84,363	73,107
Finance lease	13,809	14,978
	<u>98,172</u>	<u>88,085</u>

The finance lease creditor is all due to be repaid within five years. The bank loan and overdraft are secured by a fixed and floating charge over the Company's assets.

11. BORROWINGS	<u>1998</u>	<u>1997</u>
	£	£
The aggregate amount of borrowings was as follows :		
Falling due within one year		
Bank overdraft	39,974	27,849
Bank loans	32,666	23,857
	<u>72,640</u>	<u>51,706</u>
Falling due within one to two years		
Bank loans	33,608	23,857
	<u>33,608</u>	<u>23,857</u>
Falling due within two to five years		
Bank loans	50,755	49,250
	<u>50,755</u>	<u>49,250</u>
Aggregate amounts	<u>157,003</u>	<u>124,813</u>

WORLD TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1998

(continued)

12. DEFERRED TAXATION

The balance at 30 September 1998 is made up as follows :

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£	£	£	£
Accelerated capital allowances	8000	8000	-	- ✓
Capital gain on disposal of property at net book value	-	-	7300	7300
	<u>8000</u>	<u>8000</u>	<u>7300</u>	<u>7300</u>

13. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised :		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>1,000</u>
Allotted, called up and fully paid :		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>2</u>

The authorised share capital of the Company was increased to £ 50,000 on 5 March 1998 and 19,998 shares allotted at par to improve the capital structure of the company.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share Revaluation</u>	<u>Profit & Loss</u>	<u>1997</u>	<u>1996</u>
	<u>Capital</u>	<u>Reserve</u>	<u>Account</u>	<u>Total</u>
	£	£	£	£
Balance at 1 October 1997	2	43,507	109,687	84,104
Profit for the year	-	-	152,309	109,092
Dividends	-	-	(84,000)	(40,000)
Capitalisation of reserves	19,998	-	(19,998)	-
Excess depreciation on revalued asset	-	(1,429)	1,429	-
Balance at 30 September 1998	<u>20,000</u>	<u>42,078</u>	<u>159,427</u>	<u>153,196</u>

15. RELATED PARTY TRANSACTIONS

The Company was controlled throughout the year by P.J.Sibley and A.M.Booth who are the directors and shareholders. The directors have lent money to the Company as disclosed in note 10. No interest is payable on these loans.