

Box Television Limited

Registered Number: 2643552

Directors' Report and Financial Statements

Year Ended 31 March 1999



Box Television Limited

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Box Television Limited

Directors' Report And Accounts For The Year Ended 31 March 1999

The Directors present their report and the audited accounts for the year ended 31 March 1999.

Principal Activity

The principal activity of the company is to operate a viewer interactive music television service in the United Kingdom and the Republic of Ireland known as "The Box" and no significant changes took place during the period.

Review of Business and Future Developments

Turnover increased to £3,624,000 (1998: £3,265,000) and losses increased to £1,122,000 (1998: loss £424,000). The Directors consider the results achieved to be satisfactory having regard to the trading conditions which existed during the period and expect to make future profits.

Results and Dividends

The results for the period are set out on page 6.

The Directors do not recommend the payment of a dividend (1998: £nil).

It is proposed that the loss of £1,122,000 (1998: £424,000) is transferred to reserves.

Directors and Their Interests

The Directors of the company during the period were:

VP Monsey	(resigned 11 December 1998)
JAM Baillie	(resigned 26 March 1999)
E Laskowski	(resigned 11 December 1998)
T Schoonmaker	
DK Walmsley	(appointed 26 March 1999)

The Directors have no interest in the share capital of the company.

Box Television Limited

Directors' Report And Accounts For The Year Ended 31 March 1999 (Continued)

The interests of the Directors is the share capital of the ultimate parent company EMAP plc, at the beginning of the year (* or date of appointment if later), and the end of the year were as follows:

	Ordinary shares at 31 March 1999			Ordinary shares at 31 March 1998*		
	Options	Issued	Held In Trust	Options	Issued	Held In Trust
DK Walmsley	44,064	27,209	-	44,064	27,209	-
TR Schoonmaker	1,798	37,605	-	46,372	24,981	-

During the year the following transactions took place relating to Directors' interests in options to subscribe to ordinary shares in EMAP plc.

	Options Granted	Options Lapsed/ Exercised	Allocated in Trust
DK Walmsley	-	-	-
TR Schoonmaker	885	(45,459)	-

Directors' Responsibility Statement

The Directors are required by the law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss and total gains and losses for the financial period.

The Directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1999. The Directors also confirm that the financial statements have been properly prepared in accordance with the Companies Act 1985, that all applicable accounting standards have been followed and that the going concern basis is appropriate.

The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Changes in Fixed Assets

The movements in fixed assets during the period are shown in note 6 to the accounts.

Year 2000 Readiness

Year 2000 compliance for all business critical systems and equipment has been a key part of the Company's strategy during the year. Progress so far has been in accordance with plan. Further disclosure is given in the directors' report of the ultimate parent company.

Box Television Limited

Directors' Report And Accounts For The Year Ended 31 March 1999 (Continued)

Insurance

Throughout the year, Directors' and Officers' Liability insurance has been maintained by the ultimate parent company, EMAP plc.

Auditors

The company has elected under section 386 of the Companies Act 195 not to re-appoint auditors annually.

Therefore the auditors, PricewaterhouseCoopers, are deemed to be re-appointed for the next financial year.

Approved by the Board

A handwritten signature in black ink, appearing to read 'TR Schoonmaker', with a long horizontal flourish extending to the right.

TR Schoonmaker
27 January 2000

Auditors' Report To The Members Of Box Television Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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.

**Auditors' Report To The Members Of
Box Television Limited** (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London

27 January 2000

Box Television Limited

Profit And Loss Account For The Year Ended 31 March 1999

		Year ended 31 March 1999 £'000	Year ended 31 March 1998 £'000
	Note		
Turnover	2	3,624	3,265
Cost of sales	3	(2,692)	(2,310)
Gross profit		932	955
Administrative expenses		(2,432)	(1,524)
Operating loss	4	(1,500)	(569)
Loss on ordinary activities before taxation		(1,500)	(569)
Tax on loss on ordinary activities	5	378	145
Loss on ordinary activities after taxation		(1,122)	(424)
Retained loss for the period	12	(1,122)	(424)

There are no recognised gains and losses other than the loss for the period.
Turnover and operating profit arise solely from continuing operations.

The notes on pages 8 to 12 form an integral part of these accounts.

Box Television Limited

Balance Sheet As At 31 March 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	6	453	729
Current assets			
Debtors	7	1,398	1,161
Cash at bank and in hand		3	8
		1,401	1,169
Creditors (Amounts falling due within one year)	8	(2,872)	(1,794)
Net current assets		(1,471)	(625)
Total assets less current liabilities		(1,018)	104
		(1,018)	104
Capital and reserves			
Called up share capital	11	1	1
Share premium account		2,502	2,502
Profit and loss account	12	(3,521)	(2,399)
Shareholders' Funds	13	(1,018)	104

Signed on behalf of the Board by:



TR Schoonmaker
Director

Approved by the Board on 27th January 2000

The notes on pages 8 to 12 form an integral part of these accounts.

Box Television Limited

Notes To The Accounts For The Year Ended 31 March 1999

1 Accounting Policies

a) Accounting convention

The accounts have been prepared under the historical cost convention in accordance with applicable Accounting Standards. The company has taken advantage of the exemption provided by FRS1 not to prepare a cash flow statement. A consolidated group cash flow statement, which includes cash flows of the company can be found in the accounts of the ultimate parent company EMAP plc.

b) Turnover

Turnover represents amounts receivable for services provided less credit notes and allowances, excluding value added tax.

c) Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery-	33.33% straight line
Fixtures, fittings and equipment-	33.33% straight line

d) Deferred taxation

Provision is only made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that the Directors consider that a liability to taxation is unlikely to crystallise.

e) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

f) Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and the Republic of Ireland.

Box Television Limited

Notes To The Accounts

For The Year Ended 31 March 1999 (Continued)

3 Cost Of Sales

The allocation of costs between cost of sales and administrative expenses in 1998 has been restated in order to be comparable with the Directors' allocation of costs incurred in 1999.

4 Operating Loss

	1999 £'000	1998 £'000
Operating loss is stated after charging		
Depreciation of tangible assets	290	248
Impairment of tangible assets	264	-
Auditors' remuneration	6	5

The impairment of tangible fixed assets relates to the write off of plant and machinery equipment which is no longer in use.

5 Taxation

The tax credit on loss on ordinary activities comprises:

	1999 £'000	1998 £'000
Corporation tax on the taxable loss for the year at 33% (1998: 31%)	378	146
Under provision in prior year	-	(1)

6 Tangible Assets

	Plant & Equipment £'000	Fixtures & Fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 31 March 1998	1,088	829	62	1,979
Additions	65	214	(1)	278
At 31 March 1999	1,153	1,043	61	2,257
Depreciation				
At 31 March 1998	786	451	13	1,250
Charge for year	38	231	21	290
Impairment	264	-	-	264
At 31 March 1999	1,088	682	34	1,804
Net book values				
At 31 March 1999	65	361	27	453
At 31 March 1998	302	378	49	729

Box Television Limited

Notes To The Accounts For The Year Ended 31 March 1999 (Continued)

7 Debtors

	1999 £'000	1998 £'000
Trade debtors	466	437
Other debtors	73	13
Amounts owed by related companies	637	481
Prepayments and accrued income	222	230
	1,398	1,161

8 Creditors (Amounts falling due within one year)

	1999 £'000	1998 £'000
Bank loans and overdrafts	1,386	673
Trade creditors	688	218
Amounts owed to related companies	100	280
Other creditors including taxation and social security	41	48
Accruals and deferred income	657	575
	2,872	1,794

9 Operating Lease Commitments

The company had annual commitments under non-cancellable operating leases at 31 March 1999 as set out below:

	Land and Buildings		Other	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Leases expiring within one year	-	-	5	6
Leases expiring between one and five years	82	82	10	11

10 Provisions For Liabilities And Charges

There are no amounts of deferred tax provided in the accounts. Amounts not provided are as follows:

	1999 £'000	1998 £'000
Short term timing differences	(4)	-
Accelerated capital allowances	(68)	(92)
Tax losses available	(418)	(1,600)
	(490)	(1,692)

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Notes To The Accounts For The Year Ended 31 March 1999 (Continued)

11 Share Capital

	Number	1999 £'000	Number	1998 £'000
Authorised				
Ordinary shares of £1 each	1,000	1	1,000	1
Allotted, called up and fully paid				
Ordinary shares of £1 each	937	1	937	1

12 Profit And Loss Account

	1999 £'000	1998 £'000
Accumulated losses at the beginning of the year	(2,399)	(1,975)
Retained loss for the period	(1,122)	(424)
Accumulated losses at the end of the year	(3,521)	(2,399)

13 Reconciliation Of Movements In Shareholders' Funds

	1999 £'000	1998 £'000
Loss for the financial period	(1,122)	(424)
Opening shareholders' funds	104	528
Closing shareholders' funds	(1,018)	104

14 Directors' Emoluments

	1999 £'000	1998 £'000
Remuneration	438	214
Emoluments disclosed above (excluding pension contributions) include amounts paid to		
The highest paid director	242	112

During the year compensation of £292,870 was paid to directors for loss of office (1998: £nil).

Box Television Limited

Notes To The Accounts

For The 15 Months Ended 31 March 1999 (Continued)

15 Employees

Number of employees

The average weekly number of employees (including Directors) during the year was:

	1999 Number	1998 Number
Office and management	21	21
Customer services	8	8
Production	9	7
	38	36
Employment costs	£'000	£'000
Wages and salaries	1,300	989
Social security costs	130	98
	1,430	1,087

16 Ultimate Holding Company And Parent Undertaking

The ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the Company is a member is EMAP plc, registered in England and Wales. Copies of EMAP plc's accounts can be obtained from 1 Lincoln Court, Lincoln Road, Peterborough, PE1 2RF.

17 Related Party Transactions

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

18 Going Concern

The balance sheet shows that liabilities exceed assets by £1,018,000. The ultimate parent company, EMAP plc, has confirmed its intention to maintain its financial support in the foreseeable future.