

2734686

PORTLAND INVESTMENTS LIMITED  
REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2001



PORTLAND INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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PORTLAND INVESTMENTS LIMITED  
OFFICERS AND PROFESSIONAL ADVISERS

Directors

Mr. R.C. Desmond  
Mrs. J. Desmond  
Mr. M.S. Ellice  
Mr. P.M. Ashford

Secretary

Mr. M.S. Gill

Company Number

2734686 (England)

Auditors

PricewaterhouseCoopers  
1 Embankment Place  
London WC2N 6RH

Bankers

Bank of Scotland  
38 Threadneedle Street  
London EC2P 2EW

Registered Office

The Northern & Shell Tower  
4 Selsdon Way  
London E14 9GL

## PORTLAND INVESTMENTS LIMITED

### Directors' Report

#### For the Year Ended 31 December 2001

The directors submit their report and financial statements for the year ended 31 December 2001.

#### Principal activities

The company's principal activity during the year was that of a holding company for a group of companies engaged in publishing and television.

#### Change in immediate parent company

On 15 June 2001, the company was transferred by its previous immediate parent company, Northern & Shell Network Limited, to Portland Television Limited.

#### Results and dividends

The profit before tax for the year amounted to £269,351,738 (2000 - £299,234).  
The directors have paid a dividend of £260,000,000 (2000 - £nil).

#### Review of business and future developments

On 15 June 2001 the company sold its investments in Portland Enterprises Limited, Portland Enterprises CI Limited, RHF Productions Limited, TVX Europe Limited and Portland Titles Limited to Portland Television Limited, another group company. On the same day Fantasy Hold Co Limited, another group company, issued 9,500,000 ordinary shares to the company for consideration of £9,500,000. Also on 15 June 2001 the company sold Fantasy Publications Limited to Fantasy Hold Co Limited, another group company. Together these sales generated a profit of £269,345,419.

The directors are satisfied with the results for the period and the company intends to continue its principal activity in the foreseeable future.

#### Directors

The present membership of the board is set out on page 2. All directors served throughout the year.

At the beginning and the end of the year Mr. R.C.Desmond, a director of the ultimate parent company RCD1 Limited, was beneficially interested in the whole of the issued share capital of the company and the ultimate parent company.

None of the other directors had an interest in the share capital of the company, the immediate parent company or the ultimate parent company during the year.

# PORTLAND INVESTMENTS LIMITED

## Directors' Report

For the Year Ended 31 December 2001 (continued)

### 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 . The directors 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

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board  
and signed on behalf of the Board



Mr. M.S. Gill  
Secretary

Dated : 30 April 2002

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
PORTLAND INVESTMENTS LIMITED

We have audited the financial statements which comprise the profit and loss account, balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 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. The other information comprises a list of the officers and professional advisors and the directors' report.

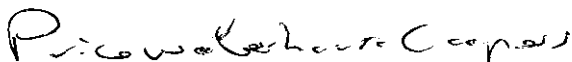
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors

London  
Dated : 30 April 2002

PORTLAND INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2001

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Administrative expenses		<u>(801)</u>	<u>(766)</u>
OPERATING LOSS		(801)	(766)
Income from fixed asset investments		-	300,000
Profit on disposal of fixed asset investments	8	269,345,419	-
Interest receivable and similar income	4	7,140	-
Interest payable and similar charges	5	<u>(20)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	269,351,738	299,234
Tax on profit on ordinary activities	6	<u>(2,136)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		269,349,602	299,234
DIVIDENDS PAID		<u>(260,000,000)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>9,349,602</u>	<u>299,234</u>

Profit on ordinary activities is wholly attributable to continuing operations.

The company has no recognised gain or losses during the year other than its retained profit of £9,349,602 (2000 - £299,234).

There is no material difference between the reported profit and the historical cost profit on ordinary activities before taxation for either year.

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

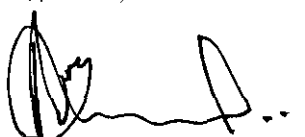
PORTLAND INVESTMENTS LIMITED

BALANCE SHEET

As at 31 December 2001

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
FIXED ASSETS			
Intangible assets	7	8,128	8,894
Investments	8	<u>9,569,872</u>	<u>224,254</u>
		9,578,000	233,148
DEBTORS	10	250,301	242,806
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(3,021)</u>	<u>(276)</u>
NET CURRENT ASSETS		247,280	242,530
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>9,825,280</u></u>	<u><u>475,678</u></u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	12	224,044	224,044
Profit and loss account	13	<u>9,601,236</u>	<u>251,634</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u><u>9,825,280</u></u>	<u><u>475,678</u></u>

Approved by the Board of Directors :



Mr. R.C. Desmond

30 April 2002  
Dated

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



PORTLAND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES

FRS 18 has been adopted in the current year but this did not require any changes in accounting policy.

( a ) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the accounting policies set out below.

( b ) Consolidated financial statements and cashflow statement

The company is included in the consolidated financial statements of its ultimate parent company RCD1 Limited and is therefore exempt from the obligation to prepare and deliver group accounts in accordance with Section 228 of the Companies Act 1985.

RCD1 Limited prepares and files a consolidated cashflow which includes the cash flows of the company. The company has therefore relied on the exemption provided by FRS1 from preparing its own cashflow statement.

( c ) Intangible fixed assets

Intangible fixed assets are comprised of the cost of registering trademarks. These are amortised over 20 years which is considered to be the economic life of the trademarks.

( d ) Fixed asset investments

Fixed asset investments are stated in the balance sheet at cost less any provision made for permanent diminution in value. Income from fixed asset investments is included at the amount of cash received or receivable.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors emoluments and employee costs are borne by Northern & Shell Plc, a group company. There are no other employee costs.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities is stated after charging :		
Amortisation of intangible fixed assets	<u>766</u>	<u>766</u>

Auditors' remuneration is borne by Northern & Shell Plc, a group company.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Interest receivable from group undertakings	<u>7,140</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Interest payable to group undertakings	<u>20</u>	<u>-</u>

PORTLAND INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2001 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>2001</u> £	<u>2000</u> £
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UK corporation tax at 30% - payable to group company in respect of group relief	<u>2,136</u>	<u>-</u>
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The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom (30%). The difference is explained primarily by non-taxable income from profit on sale of subsidiaries to group companies.

7. INTANGIBLE FIXED ASSETS

	<u>Trademarks</u> £
COST	
At 1 January 2001 and 31 December 2001	<u>57,196</u>
AMORTISATION	
At 1 January 2001	48,302
Charge for the year	<u>766</u>
At 31 December 2001	<u>49,068</u>
NET BOOK VALUE	
At 31 December 2001	<u>8,128</u>
At 31 December 2000	<u>8,894</u>

8. FIXED ASSET INVESTMENTS

	<u>2001</u> £	<u>2000</u> £
Shares in group undertakings		
Cost at 1 January	224,254	224,056
Additions (note 9)	9,500,199	198
Disposals (note 9)	<u>(154,581)</u>	<u>-</u>
Cost at 31 December	<u>9,569,872</u>	<u>224,254</u>

9. SUBSIDIARY UNDERTAKINGS

The subsidiaries of Portland Investments Limited and their percentage holdings are :

	<u>Activities</u>	<u>Holding</u>
Fantasy Hold Co Limited (acquired during the year)	Holding Company	100%
Big Magazines Limited	Dormant	100%

The above companies are registered in England and the registered office is 4 Selsdon Way, London E14 9GL.

Fantasy Hold Co Limited and TVX Europe Limited were acquired in the year.

The following subsidiaries were sold to a group company in the year, generating a profit of £269,345,419 : -

	<u>Activities</u>	<u>Holding</u>
Portland Enterprises CI Limited	Television Broadcasting	99%
RHF Productions Limited	Television Broadcasting	99%
TVX Europe Limited	Television Broadcasting	99%
Portland Enterprises Limited	Production Facilities Studio	99%
Portland Titles Limited	Title Holder	100%
Fantasy Publications Limited	Magazine Publishing	100%

PORTLAND INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2001 (continued)

10. DEBTORS	<u>2001</u> £	<u>2000</u> £
Amounts owed by group undertakings	249,905	242,806
Other debtors	<u>396</u>	<u>-</u>
Total	<u>250,301</u>	<u>242,806</u>
11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2001</u> £	<u>2000</u> £
Amounts owed to group undertakings	823	214
Taxation & social security	62	62
Amounts owed to group undertakings with respect to group relief	<u>2,136</u>	<u>-</u>
	<u>3,021</u>	<u>276</u>
12. SHARE CAPITAL	<u>2001</u> £	<u>2000</u> £
Ordinary shares £1 each : Authorised	<u>224,044</u>	<u>224,044</u>
Allotted, called up and fully paid	<u>224,044</u>	<u>224,044</u>
13. PROFIT AND LOSS RESERVES	<u>Profit and loss</u> <u>account</u> £	
At 1 January 2001	251,634	
Profit for the financial year	<u>9,349,602</u>	
At 31 December 2001	<u>9,601,236</u>	
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	<u>2001</u> £	<u>2000</u> £
Opening shareholder's funds	475,678	176,444
Retained profit for the financial year	<u>9,349,602</u>	<u>299,234</u>
Closing shareholder's funds	<u>9,825,280</u>	<u>475,678</u>

15. ULTIMATE PARENT COMPANY

The immediate parent company is Portland Television Limited and the ultimate parent company is RCD1 Limited. The company was sold to Portland Television Limited by Northern and Shell Network Limited on 15 June 2001.

The largest and smallest groups into which these accounts are consolidated are RCD1 Limited and Northern & Shell Network Limited respectively.

Both RCD1 Limited and Northern & Shell Network Limited are registered in England. Copies of the financial statements of these companies can be obtained from : Ludgate House, 245 Blackfriars Road, London SE1 9UX.

PORTLAND INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2001 (continued)

16. RELATED PARTY TRANSACTIONS

Northern & Shelli Network Limited discloses details of related party transactions. The company has therefore relied on the exemption provided by FRS8 from preparing the related party note.