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PORTLAND TITLES LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



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PORTLAND TITLES LIMITED

ANNUAL REPORT

31 December 2002

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PORTLAND TITLES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. P.M. Ashford

Mr. M.S. Ellice

SECRETARY

Mr. M.S. Gill

COMPANY NUMBER

3113759 (England)

AUDITORS

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

REGISTERED OFFICE

The Northern & Shell Tower

4 Selsdon Way

London E14 9GL

PORTLAND TITLES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is unchanged from last year, and is the holding of trademarks on behalf of other group companies.

REVIEW OF THE PERIOD AND FUTURE PROSPECTS

The profit and loss account is set out on page 6.

The directors consider the result for the year to be satisfactory.

The company expects to continue its principal activities for the foreseeable future.

RESULTS AND DIVIDENDS

The Company recorded loss before taxation of £141 (2001 : £126 loss).

The directors do not recommend the payment of a dividend (2001 : £nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2. These directors, and no others, held office throughout the year.

At the beginning and the end of the year Mr.R.C. Desmond was beneficially interested in the whole of the issued share capital of the company. The interests of Mr. R.C Desmond, who is a director of the parent company, Northern and Shell Network Limited, are shown in the financial statements of that company.

None of the directors had an interest in the share capital of the company, or any other company within the Northern and Shell Network group, at the beginning or end of the year.

GOING CONCERN

The company is trading at a loss and has negative net assets. A letter of support has been received from the parent company, Northern and Shell Network Limited, stating that this company will provide financial support as necessary to enable the company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

PORTLAND TITLES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2002

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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8 under Note 1 (a) 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 10 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company 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 : 24.4.03

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PORTLAND TITLES LIMITED

For the year ended 31 December 2002

We have audited the financial statements which comprise the profit and loss account, the 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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 only 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Dated : 24 April 2003

PORTLAND TITLES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Notes	Total 2002 £	Total 2001 £
Administrative expenses		(141)	(126)
Operating loss	2	<u>(141)</u>	<u>(126)</u>
Loss on ordinary activities before taxation		<u>(141)</u>	<u>(126)</u>
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	9	<u>(141)</u>	<u>(126)</u>

The Company had no significant recognised gains and losses other than the profits and losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities and the retained loss for the year stated above, and their historical cost equivalents.

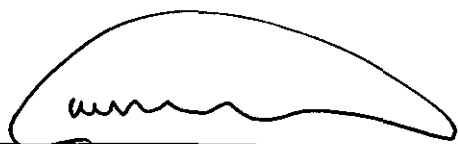
Turnover and operating losses are wholly attributable to continuing operations.

PORTLAND TITLES LIMITED

BALANCE SHEET as at 31 December 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
<i>Intangible fixed assets</i>	5	<u>1,927</u>	<u>2,068</u>
CURRENT ASSETS			
Debtors	6	2	2
CREDITORS: amounts falling due within one year	7	<u>(3,520)</u>	<u>(3,520)</u>
NET CURRENT LIABILITIES		<u>(3,518)</u>	<u>(3,518)</u>
NET LIABILITIES		<u>(1,591)</u>	<u>(1,450)</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	(1,593)	(1,452)
TOTAL EQUITY SHAREHOLDERS' DEFICIT	10	<u>(1,591)</u>	<u>(1,450)</u>

Approved by the Board of Directors:



Mr. M.S. Ellice

24.04.03

Dated

PORTLAND TITLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

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

Changes in accounting policies

In December 2000, the Accounting Standards Board issued FRS 19, 'Deferred tax'.

The company has adopted FRS 19, 'Deferred tax', in the financial statements. The adoption of this new standard represents a change in accounting policy. The adoption of FRS 19 has had no impact on the tax on loss on ordinary activities for 2002 or 2001. The company has chosen not to adopt FRS17 early but has complied with the transitional disclosures required by the standard.

(b) Going concern

The company is trading at a loss and has negative net assets. A letter of support has been received from the parent company, Northern and Shell Network Limited, stating that this company will provide financial support as necessary to enable the company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

(c) Cashflow statement

Northern and Shell Network Limited prepares and files a consolidated cashflow statement 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.

(d) 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 useful life of the trademarks.

(e) Deferred taxation

The company has adopted FRS 19 on deferred taxation in these financial statements, details of which are set out above

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the board.

The deferred tax assets and liabilities are not discounted.

PORTLAND TITLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

2. OPERATING LOSS

	2002	2001
	£	£
Operating loss is stated after charging:		
Amortisation of intangible fixed assets	<u>141</u>	<u>126</u>

Auditors' fees are borne by other group companies.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments are borne by other group companies. The company has no employees.

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
Current tax:		
UK corporation tax on profits of the period at 30% (2001:30%)	<u>-</u>	<u>-</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2001: 30%).

The differences are explained below:

	2002	2001
	£	£
Loss on ordinary activities before tax	<u>(141)</u>	<u>(126)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(42)	(38)
Effects of:		
Expenses not deductible for tax purposes	<u>42</u>	<u>38</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

PORTLAND TITLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

5. INTANGIBLE FIXED ASSETS

	Trademarks £
Cost:	
At 1 January 2002	3,520
Additions	-
	<hr/>
At 31 December 2002	<hr/> 3,520
Amortisation:	
At 1 January 2002	1,452
Charge for the year	141
	<hr/>
At 31 December 2002	<hr/> 1,593
Net book amounts:	
At 31 December 2002	<hr/> <hr/> 1,927
At 31 December 2001	<hr/> <hr/> 2,068

6. DEBTORS

	2002 £	2001 £
Amounts owed by group company	<hr/> 2	<hr/> 2

7. CREDITORS : amounts falling due within one year

	2002 £	2001 £
Amounts owed to group companies	<hr/> 3,520	<hr/> 3,520

Amounts owed to group companies do not bear interest, are unsecured and repayable on demand.

8. SHARE CAPITAL

	2002 £	2001 £
Authorised :		
1,000 Ordinary shares £ 1 each	<hr/> 1,000	<hr/> 1,000
Allotted, called up and fully paid :		
2 Ordinary shares £ 1 each	<hr/> 2	<hr/> 2

PORTLAND TITLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

9. RESERVES

	Profit and loss account £
At 1 January 2002	(1,452)
Loss for the financial year	<u>(141)</u>
At 31 December 2002	<u><u>(1,593)</u></u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2002 £	2001 £
Loss for the financial year	(141)	(126)
Opening shareholders' deficit	<u>(1,450)</u>	<u>(1,324)</u>
Closing shareholders' deficit	<u><u>(1,591)</u></u>	<u><u>(1,450)</u></u>

12. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Portland Television Limited and the ultimate parent undertaking is RCD1 Limited. RCD1 Limited acts purely as a holding company and does not participate in operations. Accordingly, Northern & Shell Network Limited acts as the operational parent of the group

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

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.