Chrysalis TV and Film (Overseas) Limited

Directors' report and financial statements

Registered number 3203247

31 August 2002

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Directors' report

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

Principal activity and future developments

The company's principal activity is the distribution and marketing of television programmes. The directors do not see a change in these activities in the foreseeable future.

Results and dividends

The loss for the year and transfer from reserves (2001: profit for the period and transfer to reserves) are set out in the profit and loss account on page 4.

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

Directors and directors' interest

The directors who held office during the year were as follows:

MJ Pilsworth (Resigned 3 May 2002)
NRA Butterfield
P Lenton (Appointed 3 May 2002)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

At 31 August 2002 and 31 August 2001,NRA Butterfield was also a director of the ultimate parent company, Chrysalis Group PLC, and his share interests are stated in the directors' report of that company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

CR Potterell
Secretary

The Chrysalis Building
Bramley Road
London
W10 6SP

12/6/03

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. 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Chrysalis TV and Film (Overseas) Limited

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 company is not disclosed.

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

12 June 2003

Profit and loss account

for the year ended 31 August 2002

	Note	**2002** £	2001 £
Turnover	*1,2*	**2,747,991**	2,705,112
Cost of sales		**(2,265,589)**	(2,008,328)
Gross profit		**482,402**	696,784
Distribution costs		**(113,459)**	(86,079)
Administrative expenses		**(443,055)**	(123,225)
Operating (loss)/profit		**(74,112)**	487,480
Interest receivable and similar income	*4*	**327**	4,921
Interest payable and similar charges	*5*	**(5,204)**	(116,897)
(Loss)/profit on ordinary activities before taxation	*3*	**(78,989)**	375,504
Taxation on profit on ordinary activities	*8*	**(48,632)**	(89,771)
(Loss)/profit for the financial year		**(127,621)**	285,733
Accumulated profit brought forward		**1,131,876**	846,143
Accumulated profit carried forward		**1,004,255**	1,131,876

Amounts relating to turnover and operating (loss)/profit in the current and previous year derive from continuing activities.

There is no difference between the historic profit/(loss) and the profit/(loss) reported in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 August 2002

There were no recognised gains or losses in the current or previous year other than the (loss)/profit for those years.

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2002

	2002	2001
	£	£
Shareholders' funds brought forward	1,131,878	846,145
(Loss)/profit for the financial year	(127,621)	285,733
Shareholders' funds carried forward	1,004,257	1,131,878

Balance sheet

at 31 August 2002

	Note	**2002**	2001
		£	£
Current assets			
Debtors	*9*	**3,308,696**	3,125,140
Cash at bank and in hand		**2,758**	22,417
		3,311,454	3,147,557
Creditors: amounts falling due within one year	*10*	**(2,307,197)**	(2,015,679)
Net current assets		**1,004,257**	1,131,878
Net assets		**1,004,257**	1,131,878
Capital and reserves			
Called up share capital	*12*	**2**	2
Profit and loss account		**1,004,255**	1,131,876
Shareholders' funds – equity		**1,004,257**	1,131,878

These financial statements were approved by the board of directors on 12/06/2003 and were signed on its behalf by:

P Lenton
Director

The notes on pages 7 to 11 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below. The company has adopted FRS 19 'Deferred tax' in these financial statements. There has been no material impact of the adoption of FRS 19 'Deferred tax' on either the current or prior year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following policies have been consistently applied:

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Royalties

Royalties payable on distribution of programmes are accounted for on a paid basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Chrysalis Group PLC entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the profit on ordinary activities.

2 Analysis of turnover by market

	2002	2001
	£	£
United Kingdom	**136,790**	125,111
Rest of the world	**2,611,201**	2,580,001
	2,747,991	2,705,112

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2002 £	2001 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit	**3,300**	3,296
Exchange losses	**5,204**	18,768

4 Other interest receivable and similar income

	2002 £	2001 £
Interest receivable from group undertakings	-	3,281
Bank interest receivable	**327**	1,640
	327	4,921

5 Interest payable and similar charges

	2002 £	2001 £
Interest payable to group undertakings	-	98,129
Exchange loss	**5,204**	18,768
	5,204	116,897

6 Remuneration of directors

The directors received no remuneration from the company for services during the year.

NRA Butterfield received remuneration from Chrysalis Group PLC which is disclosed in the financial statements of that company.

Notes *(continued)*

7 Staff numbers and costs

The average number of persons employed by the company during the year (including directors) were as follows:

	Number of employees	
	2002	2001
	3	2

No staff costs were incurred during the year.

8 Taxation on profit on ordinary activities

Analysis of charge in the year

	2002		2001	
	£	**£**	£	£
UK corporation tax				
Current tax on income for the year	**15,088**		22,830	
Adjustments in respect of previous periods	**-**		-	
		15,088		22,830
Foreign tax:				
Current tax on income for the year		**33,544**		66,941
Tax on profit on ordinary activities		**48,632**		89,771

Factors affecting the tax charge for the current year

The tax charge for the year is higher than the standard rate of corporation tax in the UK at 30% (2001: 30%). The differences are explained below.

	2002	2001
	£	£
(Loss)/Profit on ordinary activities before tax	**(78,989)**	375,504
Current tax at 30% (2001:30%)	**(23,697)**	112,651
Effects of:		
Expenses not deductible for tax purposes	**72,329**	-
Use of group losses	**-**	(22,880)
Current tax charge for the period	**48,632**	89,771

Notes *(continued)*

9 Debtors: due within one year

	2002 £	2001 £
Trade debtors	**1,883,742**	1,213,820
Amounts owed by fellow subsidiary undertakings	**1,016,600**	1,795,732
Other debtors	**12,054**	4,886
Prepayments and accrued income	**34,611**	28,290
Advances unrecouped	**238,104**	40,106
VAT recoverable	**123,585**	42,306
	3,308,696	3,125,140

Some advances may be received after more than one year due to the nature of the transaction.

10 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loan and overdraft	215,227	287,824
Trade creditors	1,176,361	976,497
Amounts owed to fellow subsidiary undertakings	65,162	80,167
Accruals and deferred income	826,354	647,877
Other creditors including taxation and social security	24,093	23,314
	2,307,197	2,015,679

11 Provisions for liabilities and charges

Deferred tax has not been provided for at 31 August 2002 or 31 August 2001 on the basis that there are no timing differences at the end of either year.

12 Share capital

Equity	2002 £	2001 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

13 Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement on the grounds that its parent undertaking, Chrysalis Group PLC, includes the company in its own published consolidated financial statements.

14 Related party transactions

The immediate parent company is Chrysalis Holdings Limited.

As the company is a wholly owned subsidiary of Chrysalis Group PLC, the company has taken advantage of the exemption contained in FRS8 (Related Party Disclosure) and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Chrysalis Group PLC, within which the company is included, can be obtained from the address given in note 15. There were no other related party transactions.

15 Ultimate and immediate parent company

The immediate parent company is Chrysalis Holdings Limited.

The ultimate parent company is Chrysalis Group PLC, which is registered in England and Wales, for which consolidated accounts are prepared. The consolidated accounts of that company may be obtained from The Secretary, Chrysalis Group PLC, The Chrysalis Building, Bramley Road, London W10 6SP.