

Company Registration No. 3264005 (England and Wales)

RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



RIDGEWAY FILMS LIMITED

COMPANY INFORMATION

Directors	I. Fishman E. A. Gaines M. V. Heap
Secretary	I. Fishman
Company Number	3264005
Registered Office	58-60 Berners Street London W1T 3JS
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB

RIDGEWAY FILMS LIMITED

CONTENTS

	Page
Directors' Report	1-2
Independent Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-9

RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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

Principal Activities and Review of the Business

The principal activity of the Company is film production.

Results and Dividends

The results for the year are set out on page 4.

The Directors are unable to recommend the payment of a dividend (2001: £nil).

Directors

The Directors who served during the year are:

I. Fishman	
E. A. Gaines	Appointed - 31 October 2002
M. V. Heap	

Directors' Interests

The Directors' interests in the shares of the Company were as stated below:

	Ordinary Shares of £1 Each	
	31 December 2002	1 January 2002
		(or date of appointment)
I. Fishman	-	-
E. A. Gaines	-	-
M. V. Heap	-	-

The Directors' interests in the shares of the ultimate holding company, Entertainment Rights Plc, are disclosed in that company's financial statements.

Auditors

A resolution re-appointing KPMG Audit Plc as auditors for the ensuing year will be placed before the Annual General Meeting. Special notice has been received for this resolution pursuant to Section 385 of the Companies Act 1985.

RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2002**

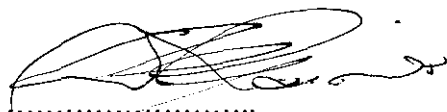
Directors' Responsibilities

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. 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.

On behalf of the Board



E. A. Gaines
Director

26 June 2003

RIDGEWAY FILMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIDGEWAY FILMS LIMITED

We have audited the financial statements on pages 4 to 9.

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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We 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.

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.

KPMG Audit Plc

**KPMG Audit Plc
Chartered Accountants
Registered Auditor
London**

Date: *26 June 2003*

RIDGEWAY FILMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	1,2	-	-
Cost of sales		(26,215)	(15,000)
Gross loss		<u>(26,215)</u>	<u>(15,000)</u>
Administrative expenses		<u>-</u>	<u>(8,281)</u>
Loss on ordinary activities before taxation	3	(26,215)	(23,281)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation	8	<u>(26,215)</u>	<u>(23,281)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RIDGEWAY FILMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	5	257,054	283,269
Total assets less current liabilities		<u>257,054</u>	<u>283,269</u>
Creditors: amounts falling due after more than one year	6	<u>(37,591)</u>	<u>(37,591)</u>
Net assets		<u>219,463</u>	<u>245,678</u>
Capital and reserves			
Called up share capital	7	167,500	167,500
Share premium account	8	167,500	167,500
Profit and loss account	8	<u>(115,537)</u>	<u>(89,322)</u>
Equity shareholders' funds	9	<u>219,463</u>	<u>245,678</u>

The financial statements were approved by the Board of Directors on 26 June 2003 and signed on its behalf by:



E. A. Gaines
Director

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. Accounting Policies

1.1 Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. A summary of significant accounting policies applied is set out below, together with an explanation of where changes to previous policies have been made in the year.

1.2 Change in accounting policies

The Company has adopted Financial Reporting Standard 19 "Deferred Tax" ("FRS19"). Under FRS19, deferred tax is provided for on the full provision basis, whereas previously it had been provided for using the partial provision method. The application of this change in accounting policy has not resulted in a prior period adjustment to the year ended 31 December 2001.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Trademarks and copyrights

Publishing rights, titles, trademarks and other intangible assets are stated at fair value on acquisition. Any development costs, which are incurred by the Company and area associated with an acquired right, title or trademark are capitalised and amortised over their estimated useful lives, but no longer than 20 years. The estimated useful lives for determining the amortisation charge is reviewed annually and any further provision for permanent impairment is charged against profit in the year concerned. In respect of internally generated publishing rights, titles and trademarks only the external costs incurred of securing the trademarks are capitalised. All other internal costs are written off to the profit and loss account when incurred.

1.5 Taxation

The charge for taxation is based on the loss 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 taxation is provided on all timing differences, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

1.6 Related parties

Under Financial Report Standard 8 – Related Party Disclosures, the Company is exempt from the requirement to disclose transactions with other entities within the Group headed by Entertainment Rights Plc.

1.7 Joint arrangement

The Company was incorporated for the purposes of trading through a joint arrangement "The Tidings Film and Television Partnership" for the production of The Tidings Films. The Company has a 25% share in partnership profits and losses and accounts for its own share of its assets, liabilities and cashflows in the joint arrangement.

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1.8 Cash flow statement

As the ultimate holding company publishes a consolidated cash flow statement in which the Company's cash flows are consolidated and, all of the Company's share capital is held within the Group, the Company is exempt from the requirement to prepare a cash flow statement.

2. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly originating in the United Kingdom and predominantly destined for the United Kingdom.

3. Loss on ordinary activities before taxation	2002 £	2001 £
Loss on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	<u>26,215</u>	<u>15,000</u>

Directors' and auditor's remuneration is paid by the ultimate parent company.

4. Taxation

(a) Analysis of taxation charged in the period

Current tax

No liability to UK Corporation Tax resulted in ordinary activities for the year ended 31 December 2002 nor for the year ended 31 December 2001, due to the availability of tax losses within the Group.

	2002 £	2001 £
(b) Factors affecting tax charge for the period		
Loss on ordinary activities before tax	<u>(26,215)</u>	<u>(23,281)</u>
Profits chargeable to corporation tax multiplied by standard rate of UK corporation tax of 30% (2001:30%)	(7,865)	(6,984)
Effects of:		
Transfer of tax losses	<u>7,685</u>	<u>6,984</u>
Current tax credit for the period (Note 4 (a))	<u>-</u>	<u>-</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

5. Intangible fixed assets

	Trademarks and copyrights
Cost	
At 1 January 2002 & 31 December 2002	<u>313,966</u>
Amortisation	
At 1 January 2002	30,697
Charge for the year	26,215
At 31 December 2002	<u>56,912</u>
Net book value	
At 31 December 2002	<u>257,054</u>
At 31 December 2001	<u>283,269</u>

6. Creditors: amounts falling due after more than one year

	2002 £	2001 £
Amounts due to group undertakings	37,591	4,193
Accruals and deferred income	-	33,398
	<u>37,591</u>	<u>37,591</u>

7. Share capital

	2002 £	2001 £
Authorised		
335,000 Ordinary shares of 50p each	<u>167,500</u>	<u>167,500</u>
Allotted called up and fully paid		
335,000 Ordinary shares of 50p each	<u>167,500</u>	<u>167,500</u>

8. Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2002	167,500	(89,322)
Retained loss for the year	-	(26,215)
Balance at 31 December 2002	<u>167,500</u>	<u>(115,537)</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

9. Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(26,215)	(23,281)
Opening shareholders' funds	<u>245,678</u>	<u>268,959</u>
Closing shareholders' funds	<u>219,463</u>	<u>245,678</u>

10. Contingent liabilities

There were no contingent liabilities at 31 December 2002 or 31 December 2001.

11. Capital commitments

There were no capital commitments at 31 December 2002 or 31 December 2001.

12. Employees

There were no employees during the year (2001:nil) apart from the Directors.

13. Control

The immediate and ultimate parent undertaking is The Richard Digance Card Company Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling related party is Entertainment Rights Plc, a company incorporated in England and Wales.

The largest and smallest group of undertakings for which Group accounts have been drawn up is that headed by Entertainment Rights Plc. Group accounts are available from the Registered Office at 58-60 Berners Street, London W1T 3JS.