

Registered Company N° : 3264005

RIDGEWAY FILMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998



RIDGEWAY FILMS LIMITED

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RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of film production and distribution.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The partnership has made losses to date as the films are still in the production stage.

YEAR 2000

Many computer systems which express dates using only the last two digits of the year may malfunction due to the change to the Year 2000. This risk to the business relates not only to the Company's computer systems, but also to some degree on those of our customers and suppliers.

The Company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks, and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail. The main system affected is the accounting and management information system upon which ongoing compliance work is being performed. Non-compliant equipment and software has been identified and has either been replaced or is due to be replaced prior to 31st December 1999. No significant external costs are expected to be incurred to achieve compliance.

The Company has requested from major suppliers and other trading partners with whom information is exchanged electronically, confirmation that their relevant systems are Year 2000 compliant.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue.

DIRECTORS

The following Directors have held office since 1st January 1998.

F I Janmohamed

M Heap was appointed as a director of the Company on 17th February 1999.

Cont/d...

RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT

DIRECTOR'S INTERESTS

The Directors beneficial interest in the shares of the Company were stated as follows:-

	<u>Ordinary Shares of 50p each</u>	
	<u>31st December 1998</u>	<u>31st December 1997</u>
F I Janmohamed	-	11,000
Estate of Mrs S Janmohamed	<u>-</u>	<u>300,000</u>

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

AUDITORS

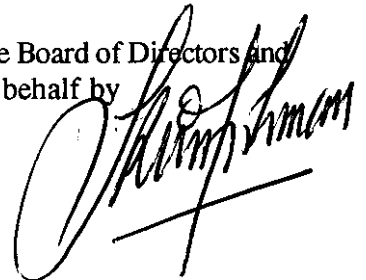
PricewaterhouseCoopers, resigned as Auditors and Grant Thornton were appointed in their place in accordance with Section 385 of the Companies Act 1985.

Registered Office:
58/60 Berners Street
London W1P 4JS

7th July 1999.....

Approved by the Board of Directors and
signed on its behalf by

Irvin Fishman
Secretary



RIDGEWAY FILMS LIMITED

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;
- 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.

RIDGEWAY FILMS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF RIDGEWAY FILMS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Director and Auditors

As described on page 3 the Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

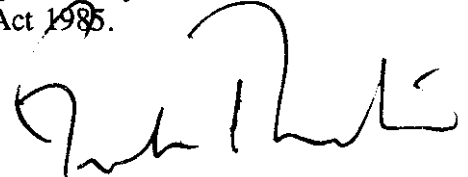
Basis of Opinion

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 Director 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 affairs of the Company at 31st December 1998 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON

Melton Street

Euston Square

REGISTERED AUDITORS

London NW1 2EP

CHARTERED ACCOUNTANTS

7th July 1999
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RIDGEWAY FILMS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Notes</u>	<u>Year ended</u> <u>31st December</u> <u>1998</u> <u>£</u>	<u>6th December 1996</u> <u>to 31st December</u> <u>1997</u> <u>£</u>
Administrative Expenses		(50,295)	(51,972)
<u>LOSS ON ORDINARY ACTIVITIES</u> <u>BEFORE TAX</u>	4	(50,295)	(51,972)
Tax on Loss on Ordinary Activities	5	—	—
<u>LOSS FOR THE YEAR</u>	10	(50,295)	(51,972)

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.

The notes on pages 7 to 9 form part of these financial statements.

RIDGEWAY FILMS LIMITED


BALANCE SHEET

AS AT 31ST DECEMBER 1998

		<u>1998</u>	<u>1997</u> <u>(restated)</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>CURRENT ASSETS</u>			
Programme Development Costs		295,881	264,343
Debtors	6	3,085	4,923
Cash at Bank and in Hand		<u>5,000</u>	<u>5,407</u>
		303,966	274,673
<u>CREDITORS: Amounts Falling Due</u>			
Within One Year	7	<u>(71,233)</u>	<u>(15,645)</u>
<u>NET ASSETS</u>		<u>232,733</u>	<u>259,028</u>
Share Capital	8	167,500	155,500
Share Premium Account	9	167,500	155,500
Profit and Loss Account	10	<u>(102,267)</u>	<u>(51,972)</u>
<u>SHAREHOLDERS' FUNDS</u>	11	<u>232,733</u>	<u>259,028</u>

The financial statements were approved by the Board on 7th July 1999.

Signed on behalf of the Board of Directors

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M Heap
Director

The notes on pages 7 to 9 form part of these financial statements.

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Apart from the changes noted below, the principal accounting policies of the Company have remained unchanged from the previous year.

- 1.2 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.

This relationship was previously treated as a joint venture. The accounting treatment has subsequently been changed to better reflect the substance of the commercial arrangement. The change in accounting policy has no impact on prior year results.

1.3 Deferred Taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the Directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.4. Programme Development Costs

The Company capitalises under Programme Development Costs, as current assets, development expenditure for which realisation can be reasonably determined. These costs are therefore stated at the lower of cost or net realisable value.

2. GOING CONCERN

The Directors have considered the funding requirements for the next twelve months and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

3. DIRECTOR AND EMPLOYEES

The Director did not receive any fees or other emoluments during the year.

There were no employees during the year apart from the Director.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

Loss on Ordinary Activities Before	1998	1997
Tax is stated after Charging:-	£	£
Auditors' Remuneration	<u>2,000</u>	<u>2,100</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

5. TAXATION

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31st December 1998 nor for the period ended 31st December 1997.

6. <u>DEBTORS</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Trade Debtors	569	569
Other Debtors	<u>2,516</u>	<u>4,354</u>
	<u>3,085</u>	<u>4,923</u>

7. <u>CREDITORS</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Bank Overdraft	15,031	756
Trade Creditors	13,985	9,151
Other Creditors	<u>42,217</u>	<u>5,738</u>
	<u>71,233</u>	<u>15,645</u>

8. <u>SHARE CAPITAL</u>	<u>1998</u>	<u>1997</u>
<u>Authorised</u>	<u>£</u>	<u>£</u>
400,000 Ordinary Shares of £0.50 each	<u>200,000</u>	<u>200,000</u>
<u>Allotted, Called Up and Fully Paid</u>		
335,000 Ordinary Shares of 50p each	<u>167,500</u>	<u>155,500</u>

During the year the Company allotted 24,000 Ordinary Shares of 50p each and at a premium of 50p per share, for cash for additional working capital.

9. <u>SHARE PREMIUM ACCOUNT</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
At 1st January 1998	155,500	-
Premium on Shares Issued in Year/Period	<u>12,000</u>	<u>155,500</u>
At 31st December 1998	<u>167,500</u>	<u>155,500</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

10.	<u>STATEMENT OF MOVEMENTS ON RESERVES</u>	<u>1998</u> <u>£</u>	
	At 1st January 1998	(51,972)	
	Loss for the Year	<u>(50,295)</u>	
	At 31st December 1998	<u>(102,267)</u>	
11.	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
	Opening Shareholders' Funds	259,028	-
	Loss for the Year/Period	(50,295)	(51,972)
	Shares Issued	<u>24,000</u>	<u>311,000</u>
	Closing Shareholders' Funds	<u>232,733</u>	<u>259,028</u>

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The ultimate holding company is SKD Media plc, a company incorporated in England and Wales. As a 100% owned subsidiary within the Group, the Company is exempt from disclosing transactions with that company and other members of the group, under the requirements of FRS 8. The Directors consider that the ultimate parent undertaking and controlling related party is its parent company SKD Media plc.

The largest and smallest group of undertaking for which group accounts have been drawn up is that headed by SKD Media plc.

13. COMMITMENTS

The Company is committed to the joint arrangement for a minimum of three years from its formation on 6th December 1996.

The Company has agreed to support the partnership and raise the necessary finance to enable it to fulfil its commitment.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 1998 or 31st December 1997.