

RIDGEWAY FILMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999



RIDGEWAY FILMS LIMITED

CONTENTS

	<u>Page</u>
Directors' Report	1
Statement of Directors' Responsibilities	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-9

RIDGEWAY FILMS LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES

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

RESULTS

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

YEAR 2000

The Company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all the necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the Company's business to a greater or lesser extent.

DIRECTORS

The following Directors have held office since 1st January 1999.

F I I Janmohamed	(Resigned 1st July 1999)
M Heap	(Appointed 17th February 1999)
I Fishman	(Appointed 1st July 1999)

DIRECTORS' 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 1999</u>	<u>31st December 1998</u>
M Heap	-	-
I Fishman	-	-

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

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton be re-appointed as Auditors of the Company will be put to the Annual General Meeting.

Registered Office:
58/60 Berners Street
London W1T 3JS

18 October 2000.....

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

I Fishman
Director

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;
- 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.

RIDGEWAY FILMS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF RIDGEWAY FILMS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Director and Auditors

As described on page 2 the Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

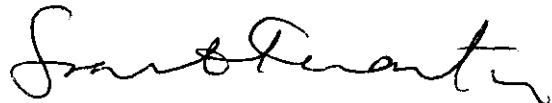
Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 1999 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Melton Street

GRANT THORNTON

Euston Square

REGISTERED AUDITORS

London NW1 2EP

CHARTERED ACCOUNTANTS

24

18 October 2000

RIDGEWAY FILMS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u>	<u>£</u>	<u>1998</u>	<u>£</u>
Administrative Expenses		(17,862)			(50,295)	
Exceptional Item	4	<u>50,000</u>			<u>-</u>	
			<u>32,138</u>			<u>(50,295)</u>
<u>PROFIT/(LOSS) ON ORDINARY</u> <u>ACTIVITIES BEFORE TAX</u>	5		32,138			(50,295)
Tax on Profit/Loss on Ordinary Activities	6		<u>-</u>		<u>-</u>	
<u>PROFIT/(LOSS) FOR THE YEAR</u>	12		<u>32,138</u>			<u>(50,295)</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.

The notes on pages 6 to 9 form part of these financial statements.

RIDGEWAY FILMS LIMITED

BALANCE SHEET

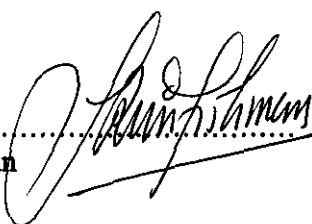
AS AT 31ST DECEMBER 1999

	Notes	£	1999 £	£	1998 £
<u>FIXED ASSETS</u>					
Tangible Assets	7		298,269		-
<u>CURRENT ASSETS</u>					
Programme Development Costs		-		295,881	
Debtors	8	-		3,085	
Cash at Bank and in Hand		-		<u>5,000</u>	
		-		303,966	
<u>CREDITORS: Amounts Falling Due</u>					
Within One Year	9	<u>(33,398)</u>		<u>(71,233)</u>	
			<u>(33,398)</u>		<u>232,733</u>
<u>NET ASSETS</u>			<u>264,871</u>		<u>232,733</u>
Share Capital	10		167,500		167,500
Share Premium Account	11		167,500		167,500
Profit and Loss Account	12		<u>(70,129)</u>		<u>(102,267)</u>
Shareholders' Funds	13		<u>264,871</u>		<u>232,733</u>

The financial statements were approved by the Board on 18 October 2000.

Signed on behalf of the Board of Directors

.....
I Fishman
Director



The notes on pages 6 to 9 form part of these financial statements.

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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. The principal accounting policies of the Company have remained unchanged from the previous period and are set out below.

- 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.

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. Investment in Films

Investments in films that are in development and for which the realisation of expenditure can be reasonably determined, are classified as Programme Development Costs under current assets. Completed investments in films are classified as tangible fixed assets. Investments in films in development are stated at the lower of cost directly incurred on the project less provisions and net realisable value.

On completion of the development stage of the film, the carrying value is transferred to tangible fixed assets as Investment in Films and then amortised over the useful economic life. An annual impairment test is undertaken to ensure that the recoverable amount has not fallen below the carrying value.

Research costs are written off in the profit and loss account in the period in which they are incurred.

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. DIRECTORS AND EMPLOYEES

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

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

4. EXCEPTIONAL ITEM

This amount is in respect of loans previously owed by the Partnership, now written off.

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES
BEFORE TAX

Profit/(Loss) on Ordinary Activities Before	<u>1999</u>	<u>1998</u>
Tax is stated after Charging:-	<u>£</u>	<u>£</u>
Auditors' Remuneration	<u>-</u>	<u>2,000</u>

6. TAXATION

No liability to UK Corporation Tax resulted for the year ended 31st December 1999 or for the year ended 31st December 1998 due to the availability of tax losses within the group.

7. TANGIBLE ASSETS

Investment in Films

	<u>£</u>
<u>Cost</u>	
At 1st January 1999	-
Transfer from Programme Development Costs	295,881
Additions	<u>18,085</u>
At 31st December 1999	<u>313,966</u>
<u>Depreciation</u>	
At 1st January 1999	-
Impairment Loss	<u>15,697</u>
At 31st December 1999	<u>15,697</u>
<u>Net Book Value</u>	
At 31st December 1999	<u>298,269</u>
At 31st December 1998	<u>-</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

8.	<u>DEBTORS</u>	<u>1999</u> £	<u>1998</u> £
	Trade Debtors	-	569
	Other Debtors	-	<u>2,516</u>
		<u>-</u>	<u>3,085</u>
9.	<u>CREDITORS</u>	<u>1999</u> £	<u>1998</u> £
	<u>Amounts Falling Due Within One Year</u>		
	Bank Overdraft	6,681	15,031
	Trade Creditors	-	13,985
	Other Creditors	<u>26,717</u>	<u>42,217</u>
		<u>33,398</u>	<u>71,233</u>
10.	<u>SHARE CAPITAL</u>	<u>1999</u> £	<u>1998</u> £
	<u>Authorised</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>167,500</u>
11.	<u>SHARE PREMIUM ACCOUNT</u>	<u>1999</u> £	<u>1998</u> £
	At 1st January 1999	167,500	155,500
	Premium on Shares Issued in Year	-	<u>12,000</u>
	At 31st December 1999	<u>167,500</u>	<u>167,500</u>

RIDGEWAY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

		<u>Profit and Loss Account</u>	
		<u>1999</u>	
12.	<u>STATEMENT OF MOVEMENTS ON RESERVES</u>	<u>£</u>	
	At 1st January 1999	(102,267)	
	Profit for the Year	<u>32,138</u>	
	At 31st December 1999	<u>(70,129)</u>	
13.	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Opening Shareholders' Funds	232,733	259,028
	Profit/(Loss) for the Year	32,138	(50,295)
	Shares Issued	<u>-</u>	<u>24,000</u>
	Closing Shareholders' Funds	<u>264,871</u>	<u>232,733</u>

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party is Entertainment Rights 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 headed by that company, under the requirements of FRS 8.

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.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 1999 or at 31st December 1998.