

## Channel 5 Text Limited

### Report and Financial Statements

31 December 2002



Registered No. 3302925

**Directors**

G Murray

N Milligan

**Secretary**

C Campbell

**Auditors**

Ernst & Young LLP

Becket House

1 Lambeth Palace Road

London SE1 7EU

**Bankers**

HSBC Bank PLC

69 Pall Mall

London SW1Y 5EY

**Solicitors**

Travers Smith Braithwaite

10 Snow Hill

London EC1A 2AL

**Registered Office**

22 Long Acre

London WC2E 9LY

## Directors' report

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

### Results and dividends

The loss for the year, after taxation and before dividends, amounted to £35,000 (2001 – profit of £46,000).

The directors do not recommend the payment of a dividend for the year (2001 – £155,000).

### Principal activity and review of the business

The principal activity of the company during the financial year 2001 was the investment in Sky 5 Text Limited and the provision of services thereto.

The company ceased trading on 31 December 2001. The company was non-trading throughout 2002. The directors have no intention to liquidate the company and the immediate parent company will provide support for the foreseeable future.

The investment in the company's associated undertaking, Sky 5 Text Limited, was written off during 2002.

### Directors and their interests

The directors who served during the year ended 31 December 2002 were as listed on page 1.

None of the directors had any interests in the share capital of the company.

### Small company exemptions

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

## **Statement of directors' responsibilities in respect of the financial statements**

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; 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 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.

## **Independent auditors' report**

to the members of Channel 5 Text Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit 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 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 affairs of the company 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.



Ernst & Young LLP  
Registered Auditor  
London

18 MAR 2003

## Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
<b>Turnover</b>	1	–	168
Cost of sales		–	(109)
		<hr/>	<hr/>
<b>Operating profit</b>	2	–	59
Interest receivable from group undertakings		–	9
Interest payable to group undertakings		–	(3)
Loss on investments		(50)	–
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(50)	65
Tax on (loss)/profit on ordinary activities	3	15	(19)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities after taxation</b>		(35)	46
Dividend payable	4	–	(155)
		<hr/>	<hr/>
<b>Retained loss for the year</b>		(35)	(109)
		<hr/> <hr/>	<hr/> <hr/>

## **Statement of total recognised gains and losses**

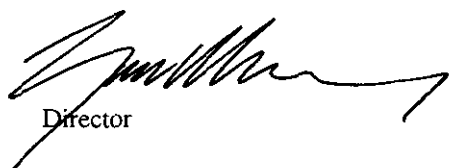
**for the year ended 31 December 2002**

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £35,000 for the year ended 31 December 2002 (2001 – profit of £46,000).

**Balance sheet**

at 31 December 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Investment in associated undertaking	5	—	50
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	132	137
<b>Creditors: amounts falling due within one year</b>	7	(167)	(187)
<b>Net current liabilities</b>		(35)	(50)
<b>Total assets less current liabilities</b>		(35)	—
<b>Capital and reserves</b>			
Called up share capital	8	—	—
Profit and loss account	9	(35)	—
		(35)	—



Director

18 MAR 2003



## Notes to the financial statements

at 31 December 2002

### 1. Accounting policies

#### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The immediate parent company has agreed to provide financial support for the foreseeable future. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

In preparing the financial statements the company has adopted FRS 18 "Accounting Policies" and FRS 19 "Deferred Tax". Adoption of these standards has not required any revisions to the financial statements in either the current or prior years.

#### Statement of cash flows

The company has applied the exemption in FRS 1 and has not prepared a statement of cash flows as its parent undertaking has prepared one within its consolidated financial statements.

#### Investments in associates

Entities, other than subsidiary undertakings or joint ventures, in which the company has a participating interest and over whose operating and financial policies the company exercises a significant influence, are treated as associated undertakings and accounted for at cost.

#### Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to associates for distribution and transmission services. All turnover is derived in the United Kingdom.

### 2. Operating profit

No director received remuneration in respect of services rendered to the company during the year.

The directors of the parent undertaking and fellow subsidiary undertakings received emoluments for services to the group as a whole. It is not practicable to apportion these amounts between services as directors of the company and as directors of the parent and fellow subsidiary undertakings.

The total remuneration paid and accrued to the directors of this company was £1,965,142 (2001 – £1,506,318), excluding pension contributions. Emoluments include amounts receivable under an executive director's bonus scheme. Pension contributions provided in relation to these directors were £55,900 (2001 – £55,925).

The audit fees for the year have been borne by another group undertaking.

The company had no employees during the year.

## Notes to the financial statements

at 31 December 2002

### 3. Tax on (loss)/profit on ordinary activities

(a) Analysis of tax credit/(charge) in the year

	2002 £000	2001 £000
Group relief received/(paid) -- current year	15	(19)

(b) Factors affecting tax credit/(charge) for the year

The tax credit/(charge) on (loss)/profit on ordinary activities for the year is calculated at the standard rate of corporation tax in the UK of 30% (2001 – 30%).

(c) Factors that may affect future tax charges

The company has ceased trading and no further income or expenditure charges are expected.

### 4. Dividend payable

	2002 £000	2001 £000
Paid	–	100
Proposed	–	55
	<u>–</u>	<u>155</u>

### 5. Investment in associated undertaking

	£000
Cost:	
At 1 January 2002	50
At 31 December 2002	<u>–</u>

The investment in the associated undertaking comprised a holding of 50% of the issued ordinary share capital of Sky 5 Text Limited, a company registered in England and Wales. This company ceased trading on 31 December 2001 and was liquidated.

### 6. Debtors: amounts falling due within one year

	2002 £000	2001 £000
Amounts due from parent undertaking	52	72
Amounts due from fellow subsidiary undertakings	80	65
	<u>132</u>	<u>137</u>

## Notes to the financial statements

at 31 December 2002

### 7. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to fellow subsidiary undertakings	167	132
Dividend payable	–	55
	<u>167</u>	<u>187</u>

### 8. Share capital

	2002 £000	2001 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2001	–	109	109
Profit for the year	–	46	46
Dividend	–	(155)	(155)
At 31 December 2001	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the year	–	(35)	(35)
Dividend	–	–	–
At 31 December 2002	<u>–</u>	<u>(35)</u>	<u>(35)</u>

### 10. Related parties

The company has claimed an exemption from disclosing related party transactions under FRS 8 on the basis that these transactions are included within the consolidated financial statements of the group.

### 11. Ultimate parent undertaking

The company's ultimate parent undertaking is Channel 5 Television Group Limited, a company registered in England and Wales. The company has been included in its group financial statements, copies of which are available from Companies House.