

Ravenscourt Services Limited

Directors' report and financial statements

31 August 2006

Registered number 3534197

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2006

Principal activity and review of the business

The principal activity of the company is the provision of services to its immediate parent company, Lion Television Limited. The directors do not anticipate any changes in those activities over the coming year.

The loss for the year, after taxation, amounted to £634,905 (2005: £433,969 profit).

The directors do not recommend the payment of a dividend for the year under review (2005: nil).

Future outlook

The directors believe that the company will continue as the provider of services to its immediate parent company, Lion Television Limited, in the future.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other television producers and success of the parent company's programming. Further discussion of these risks and uncertainties, in the context of the ALL3MEDIA group (the "group") as a whole, is provided on page 3 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors of ALL3MEDIA Group Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Ravenscourt Services Limited. The development, performance and position of ALL3MEDIA Group Limited, which includes the company, is discussed on page 3 of the group's annual report which does not form part of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Directors and directors' interests

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

S Morrison
J Burns
J Pfeil
R Bradley
N Cathiff
J Mills
S Meer

None of the directors who held office at the end of the 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 year.

At 31 August 2006, S Morrison, J Burns and J Pfeil were also directors of All3Media Group Limited, the ultimate parent company, and their share interests are disclosed in the directors report of that company.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting

By order of the Board

J C Pfeil

J C Pfeil
Secretary

1 February 2007

87 – 91 Newman Street
London
W1T 3EY

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 Ravenscourt Services Limited

We have audited the financial statements (the "financial statements") of Ravenscourt Services Limited for the year ended 31 August 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out herein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

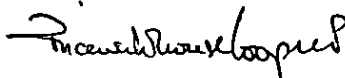
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
1 February 2007



Profit and loss account

for the year ended 31 August 2006

	<i>Note</i>	2006 £	2005 £
Turnover	<i>1</i>	4,861,490	5,525,586
Cost of sales		(3,959,378)	(3,598,286)
Gross profit		902,112	1,927,300
Administrative expenses		(1,782,261)	(1,398,891)
Operating (loss)/profit	<i>2</i>	(880,149)	528,409
Other interest receivable and similar income	<i>5</i>	734	1,175
Other interest payable and similar charges	<i>6</i>	(4,891)	(3,013)
(Loss)/profit on ordinary activities before taxation		(884,306)	526,571
Taxation	<i>7</i>	249,401	(92,602)
(Loss)/profit on ordinary activities for the year		(634,905)	433,969
Retained profit brought forward		895,646	461,677
Retained profit carried forward		260,741	895,646

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

The notes on pages 8 to 14 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 31 August 2006

There were no recognised gains or losses in the current or the previous period other than the retained (loss)/profit for those periods

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2006

	2006 £	2005 £
(Loss)/profit for the financial year	(634,905)	433,969
Net change in shareholders' funds	(634,905)	433,969
Shareholders' funds brought forward	895,648	461,679
Shareholders' funds carried forward	260,743	895,648

Balance sheet

at 31 August 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	8	382,111	280,527
Current assets			
Debtors	9	1,162,950	1,656,419
Cash at bank and in hand		1,685	102,603
		<u>1,164,635</u>	<u>1,759,022</u>
Creditors amounts falling due within one year	10	<u>(1,286,003)</u>	<u>(1,139,408)</u>
Net current (liabilities)/assets		<u>(121,368)</u>	<u>619,614</u>
Total Assets less current liabilities		<u>260,743</u>	<u>900,141</u>
Creditors amounts falling due outside one year	11	-	(4,493)
Net assets		<u>260,743</u>	<u>895,648</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		<u>260,741</u>	<u>895,646</u>
Shareholders' funds – equity		<u>260,743</u>	<u>895,648</u>

These financial statements were approved by the Board of directors on 1 February 2007 and were signed on its behalf by


J Burns
Director

The notes on pages 8 to 14 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards as defined in section 256 of Companies Act 1985

Changes in accounting policies

The company has adopted FRS21 'Events after the balance sheet date', FRS23 'The effects of changes in foreign exchange rates', FRS25 'Financial instruments Disclosure and presentation (paragraphs 15-50)' and FRS28 'Corresponding amounts' for the first time in these financial statements. The adoption of each of these standards represents a change in accounting policy however none of these pronouncements has resulted in a different accounting treatment compared to previously applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis as All3Media Group Limited, the parent company which owns 100% of the share capital of the company, has agreed to provide funding to allow the company to meet its ongoing liabilities as they fall due for the foreseeable future

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the Group. Group financial statements are prepared and publicly available

Turnover and production costs

Turnover comprises the invoiced value of provision of services supplied by the company exclusive of VAT. Turnover relates wholly to the company's principal activity in the UK.

Fixed assets and depreciation

Depreciation is calculated to write off the cost of fixed assets evenly over their estimated useful lives at the following annual rates

Leasehold improvements	-	over the term of the lease
Plant and machinery	-	20% - 50%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life

Notes (continued)

Accounting policies (continued)

Leases

Assets held under finance leases (excluding sale and leaseback transactions), which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rental payments are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Post-retirement benefits

The company operates a defined contribution personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting period.

Translation of foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes (continued)

2 Operating profit

	2006 £	2005 £
<i>This is stated after charging/(crediting).</i>		
Auditors' remuneration		
Audit	6,500	5,500
Depreciation and other amounts written off tangible fixed assets		
Owned	244,383	139,913
Finance lease	4,185	4,035
Profit on disposal of fixed assets	(3,500)	(1,000)
Operating lease charges		
– Land and buildings	334,115	318,445
– Equipment	17,367	47,110
	<u> </u>	<u> </u>

3 Remuneration of directors

	2006 £	2005 £
Directors' emoluments		
Aggregate emoluments	851,694	503,907
Company pension contributions to money purchase schemes	41,654	35,192
	<u> </u>	<u> </u>
	893,348	539,099
	<u> </u>	<u> </u>

The total emoluments, including pension contributions of £13,304 (2005 £12,080) of the highest paid director were £281,477 (2005 £174,581)

Three of the directors are remunerated by All3Media Limited, and details are available in the financial statements of that company

Payments were made to a personal pension scheme for 4 directors (2005 4) in the year

4 Staff numbers and costs

The average monthly number of persons employed by the company during the year, analysed by category, was as follows

	Number of employees 2006	2005
Production	27	27
Administration	38	35
	<u> </u>	<u> </u>
	65	62
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2006 £	2005 £
Wages and salaries	3,736,060	2,922,580
Social security costs	422,299	334,288
Defined contribution pension costs	80,866	67,011
	<u> </u>	<u> </u>
	4,239,225	3,323,879
	<u> </u>	<u> </u>

Notes (continued)

5 Other interest receivable and similar income

	2006 £	2005 £
Bank interest receivable	734	1,175

6 Other interest payable and similar charges

	2006 £	2005 £
Bank interest payable	4,891	3,013

7 Taxation on (loss)/profit on ordinary activities

(i) Tax on (loss)/profit on ordinary activities

The tax (credit)/charge is made up as follows

	2006 £	2005 £
Current Tax		
UK corporation tax	(242,073)	152,227
Adjustments in respect of previous years	(1,062)	(745)
Total current tax (credit)/charge for the year	(243,135)	151,482
Deferred Tax	(6,266)	(58,880)
Tax on (loss)/profit on ordinary activities	(249,401)	92,602

(ii) Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2005 lower) than the standard rate of corporation tax in the UK at 30 % (2005 30%). The differences are reconciled below

	2006 £	2005 £
(Loss)/profit on ordinary activities before tax	(884,306)	526,571
Current tax at 30 % (2005 30%)	(265,292)	157,971
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	1,063
Income not chargeable for tax purposes	(573)	-
Capital allowances for the period in excess of depreciation	23,792	(6,807)
Adjustments in respect of previous periods	(1,062)	(745)
Total current tax (credit)/charge for the period	(243,135)	151,482

Notes (continued)

(iii) Deferred Taxation

The deferred taxation included in the balance sheet is as follows

	2006	2005
	£	£
Included in debtors	65,146	58,880
	<hr/>	<hr/>
Depreciation in advance of capital allowances	65,146	58,880
	<hr/>	<hr/>

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
<i>Cost</i>			
At 1 September 2005	243,705	966,887	1,210,592
Additions	4,250	345,902	350,152
Disposals	-	(17,962)	(17,962)
	<hr/>	<hr/>	<hr/>
At 31 August 2006	247,955	1,294,827	1,542,782
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 September 2005	98,329	831,736	930,065
Charge for year	49,591	198,977	248,568
Disposals	-	(17,962)	(17,962)
	<hr/>	<hr/>	<hr/>
At 31 August 2006	147,920	1,012,751	1,160,671
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2006	100,035	282,076	382,111
	<hr/>	<hr/>	<hr/>
At 31 August 2005	145,376	135,131	280,527
	<hr/>	<hr/>	<hr/>

Included in the total net book value is £4,573 (2005 £8,648) in respect of fixed assets held under finance leases

9 Debtors: due within one year

	2006	2005
	£	£
Trade debtors	25,028	1,175
Amounts owed by parent company	649,866	1,282,656
Amounts owed to group companies	12,466	12,604
Other debtors	35,556	36,533
Prepayments and accrued income	282,770	264,571
Deferred tax	65,146	58,880
UK Corporation tax	92,118	-
	<hr/>	<hr/>
	1,162,950	1,656,419
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	209,577	264,970
UK Corporation tax	-	151,017
Other taxes and social security costs	112,664	98,694
Obligations under finance leases	4,493	5,307
Other creditors	5,413	5,581
Accruals and deferred income	953,856	613,839
	<u>1,286,003</u>	<u>1,139,408</u>

11 Creditors: amounts falling due outside one year

	2006 £	2005 £
Obligations under finance leases	-	4,493
	<u>-</u>	<u>4,493</u>

12 Obligations under finance leases and hire purchases contracts

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2006 £	2005 £
Within one year	4,493	5,307
In two to five years	-	4,493
	<u>4,493</u>	<u>9,800</u>

13 Called up share capital

	2006 £	2005 £
<i>Equity</i>		
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes (continued)

14 Commitments

At 31 August 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire				
Within one year	-	15,415	-	5,014
In two to five years	17,500	-	11,953	11,997
In over five years	318,445	318,445	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	335,945	333,860	11,953	17,011
	<hr/>	<hr/>	<hr/>	<hr/>

15 Contingent liabilities

On 17 June 2004 the company was acquired by All3Media Limited, a wholly owned subsidiary of All3Media Group Limited. As part of the acquisition arrangements the shares and assets of the company were charged to The Royal Bank of Scotland plc who provided bank finance for the acquisition.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

17 Ultimate parent company

The company's immediate parent undertaking is Lion Television Limited. In the directors' opinion, the company's ultimate parent undertaking is All3Media Group Limited. Copies of its group financial statements, which include the company, are available from 87-91 Newman Street, London, W1T 3EY.

The ultimate controlling party at the balance sheet date was Bridgepoint Capital Limited on behalf of funds under its management. At the date of the approval of the financial statements the ultimate controlling party was Permira Partners LLP on behalf of funds under its management.