

**Ravencourt Services Limited**

**Directors' report and financial statements**

31 August 2004

Registered number 3534197



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## Directors' report

The directors present their annual report and the audited financial statements for the 8 months ended 31 August 2004.

### Principal activity and future developments

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

During the period the company changed its year end to 31 August in order to be coterminous with the year end of the All3Media Group.

### Results and dividends

The profit, after taxation, for the 8 months to 31 August 2004 amounted to £3,187 (year to 31 December 2003: £18,139).

The directors do not recommend the payment of a dividend for the period under review (2003:£nil).

### Directors and directors' interests

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

S Morrison	(appointed 17 June 2004)
J Burns	(appointed 17 June 2004)
J Pfeil	(appointed 17 June 2004)
R Bradley	
N Catliff	
J Mills	
S Meer	

None of the directors who held office at the end of the financial period 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 financial period.

At 31 August 2004, 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.

By order of the Board



**J C Pfeil**  
Secretary

87 – 91 Newman Street  
London  
W1T 3EY

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditors' report to the members of Ravenscourt Services Limited

We have audited the company's financial statements for the 8 months ended 31 August 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of movements in shareholders' funds, Balance Sheet and the related notes 1 to 15. 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 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 August 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London

  
14 March 2005

## Profit and loss account

*for the 8 months ended 31 August 2004*

	<i>Note</i>	<b>8 months to 31 August 2004</b>	Year to 31 December 2003
		£	£
<b>Turnover</b>	<i>1</i>	<b>2,666,313</b>	4,560,003
Cost of sales		<b>(1,687,007)</b>	(2,872,322)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>979,306</b>	1,687,681
Administrative expenses		<b>(956,362)</b>	(1,658,886)
		<hr/>	<hr/>
<b>Operating profit</b>	<i>2</i>	<b>22,944</b>	28,795
Other interest receivable and similar income	<i>5</i>	<b>378</b>	1,073
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>23,322</b>	29,868
Taxation	<i>6</i>	<b>(20,135)</b>	(11,729)
		<hr/>	<hr/>
<b>Profit on ordinary activities for the period</b>		<b>3,187</b>	18,139
Retained profit brought forward		<b>458,490</b>	440,351
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		<b>461,677</b>	458,490
		<hr/> <hr/>	<hr/> <hr/>

Amounts relating to turnover and operating profit in the current and previous period derive from continuing activities.

The notes on pages 7 to 12 form part of these financial statements.

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

for the 8 months ended 31 August 2004

There were no recognised gains or losses in the current or the previous period other than the profit for those periods.

## **Reconciliation of movements in shareholders' funds**

*for the 8 months ended 31 August 2004*

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial period</b>	<b>3,187</b>	<b>18,139</b>
<b>Shareholders' funds brought forward</b>	<b>458,492</b>	<b>440,353</b>
	<hr/>	<hr/>
<b>Shareholders' funds carried forward</b>	<b>461,679</b>	<b>458,492</b>
	<hr/> <hr/>	<hr/> <hr/>

**Balance sheet**

*at 31 August 2004*

	<i>Note</i>	<b>31 August 2004</b>		31 December 2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		257,421		339,112
<b>Current assets</b>					
Stock			100		550
Debtors	8		902,743		925,804
Cash at bank and in hand			25,116		2,890
			<hr/>		<hr/>
			927,959		929,244
<b>Creditors: amounts falling due within one year</b>					
	9		(723,701)		(809,864)
			<hr/>		<hr/>
<b>Net current assets</b>			204,258		119,380
			<hr/>		<hr/>
<b>Net assets</b>			461,679		458,492
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	10		2		2
Profit and loss account			461,677		458,490
			<hr/>		<hr/>
<b>Shareholders' funds – equity</b>			461,679		458,492
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the Board of directors on ~~14 March 2005~~ and were signed on its behalf by:

  
**J Burns**  
*Director*

The notes on pages 7 to 12 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.

#### *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 goods 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	-	20%
Plant and machinery	-	20% - 100%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stock*

Stock is valued at the lower of cost and net realisable value.

#### *Leases*

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

#### *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**

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	<b>£</b>	<b>£</b>
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit	5,500	5,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	98,637	152,754
(Profit)/loss on disposal of fixed assets	(1,005)	6,723
Operating lease charges		
– Land and buildings	212,297	252,102
– Equipment	65,776	57,115
	<b>212,297</b>	<b>252,102</b>

**3 Remuneration of directors**

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	<b>£</b>	<b>£</b>
<i>Directors' emoluments:</i>		
Aggregate emoluments	342,130	689,860
Company pension contributions to money purchase schemes	24,485	20,154
	<b>366,615</b>	<b>710,014</b>

The total emoluments, including pension contributions of £7,040 (2003: £5,040) of the highest paid director were £115,492 (2003: £359,860)

**4 Staff numbers and costs**

The average monthly number of persons employed by the company (including directors remunerated by the company) during the period, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
Production	25	31
Administration	31	27
	<b>56</b>	<b>58</b>

The aggregate payroll costs of these persons were as follows:

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,506,234	2,699,933
Social security costs	164,256	281,859
Defined contribution pension costs	42,409	51,814
	<b>1,712,899</b>	<b>3,033,606</b>

**Notes (continued)**

**5 Other interest receivable and similar income**

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	£	£
Bank interest receivable	378	1,073
	<u>          </u>	<u>          </u>

**6 Taxation on profit on ordinary activities**

The tax charge is made up as follows:

	<b>8 months to 31 August 2004</b>		<b>Year to 31 December 2003</b>	
	£	£	£	£
UK corporation tax	19,390		12,000	
Adjustments in respect of previous periods	745		(271)	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Tax on profit on ordinary activities</b>		20,135		11,729
		<u>          </u>		<u>          </u>

*Factors affecting the tax charge for the current period*

The tax charge for the period is higher than the standard rate of corporation tax in the UK at 30 % (2003: 19%). The differences are reconciled below.

	<b>8 months to 31 August 2004</b>	<b>Year to 31 December 2003</b>
	£	£
<b>Profit on ordinary activities before tax</b>	<b>23,322</b>	<b>29,868</b>
	<u>          </u>	<u>          </u>
Current tax at 30 % (2003:19%)	6,997	5,675
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,674	33,979
Deductions allowable for tax purposes	(1,012)	(3,982)
Depreciation for the period in excess of capital allowances	9,731	(24,147)
Adjustment to tax charge in respect of provision made	-	204
Adjustments in respect of previous periods	745	-
	<u>          </u>	<u>          </u>
<b>Total current tax charge for the period</b>	<b>20,135</b>	<b>11,729</b>
	<u>          </u>	<u>          </u>

**Notes (continued)**

**7 Tangible fixed assets**

	Leasehold improvements	Plant and machinery	Total
	£	£	£
<i>Cost</i>			
At 1 January 2004	198,660	953,450	1,152,110
Additions	-	21,066	21,066
Disposals		(124,438)	(124,438)
	<hr/>	<hr/>	<hr/>
At 31 August 2004	198,660	850,078	1,048,738
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2004	26,488	786,510	812,998
Charge for period	26,488	72,149	98,637
Disposals	-	(120,318)	(120,318)
	<hr/>	<hr/>	<hr/>
At 31 August 2004	52,976	738,341	791,317
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2004	<b>145,684</b>	<b>111,737</b>	<b>257,421</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2003	172,172	166,940	339,112
	<hr/>	<hr/>	<hr/>

**8 Debtors: due within one year**

	31 August 2004	31 December 2003
	£	£
Amounts owed by parent company	739,929	774,456
Other debtors	47,120	35,200
Prepayments and accrued income	115,694	116,148
	<hr/>	<hr/>
	<b>902,743</b>	<b>925,804</b>
	<hr/>	<hr/>

**9 Creditors: amounts falling due within one year**

	31 August 2004	31 December 2003
	£	£
Trade creditors	55,092	36,729
UK Corporation tax	31,389	12,000
Other taxes and social security costs	230,121	91,307
Other creditors	152	221
Accruals and deferred income	406,947	669,607
	<hr/>	<hr/>
	<b>723,701</b>	<b>809,864</b>
	<hr/>	<hr/>

**Notes (continued)**

**10 Called up share capital**

	31 August 2004	31 December 2003
	£	£
<i>Equity</i>		
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

**11 Pension scheme**

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.

**12 Commitments**

At 31 August 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31 Aug 2004	31 Dec 2003	31 Aug 2004	31 Dec 2003
	£	£	£	£
Operating leases which expire:				
Within one year	15,415	15,415	47,959	-
In two to five years	-	-	21,817	65,776
In over five years	358,812	358,812	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	374,227	374,227	69,776	65,776
	<hr/>	<hr/>	<hr/>	<hr/>

**13 Contingent liabilities**

On 17<sup>th</sup> 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.

**14 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.

**Notes** *(continued)*

**15 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.