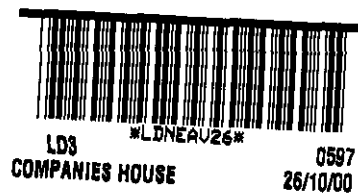


Ravenscourt Services Limited

**Directors' report and financial
statements**

Registered number 3534197

31 December 1999



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Directors' report

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

Principal activities

The company's principal activity during the year was the provision of services to its immediate parent undertaking, Lion Television Limited.

Business review

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

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

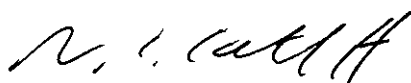
R Bradley
N Catliff
J Mills
S Meer (appointed 1 January 1999)

None of the director had any interest in the share capital of the company. Their interests in the share capital of the holding company are disclosed in the directors' report of Lion Television Limited.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



N Catliff
Director

Lion House
191 Askew Road
Ravenscourt Park
London
W12 9AX

25/10/ 2000

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 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 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Ravenscourt Services Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 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 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

25 October, 2000

Profit and loss account

for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover	<i>1</i>	2,332,310	1,029,108
Cost of sales		(178,039)	(71,192)
		<hr/>	<hr/>
Gross profit		2,154,271	957,916
Administration expenses		(1,995,335)	(795,387)
		<hr/>	<hr/>
Operating profit		158,936	162,529
Interest receivable	<i>5</i>	3,484	681
Interest payable	<i>6</i>	(1,661)	(905)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	160,759	162,305
Tax on profit on ordinary activities	<i>7</i>	(103,444)	(55,404)
		<hr/>	<hr/>
Retained profit for the year	<i>14</i>	57,315	106,901
		<hr/>	<hr/>

A statement of total recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the period other than disclosed above in the profit and loss account.

A note on historical gains and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The above results derive solely from continuing operations.

Balance sheet

at 31 December 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	8	368,699	415,666
Current assets			
Stocks	9	2,337	3,126
Debtors	10	150,482	179,190
Cash at bank and in hand		134,875	35,039
		<u>287,694</u>	<u>217,355</u>
Creditors: amounts falling due within one year	11	<u>(433,425)</u>	<u>(498,868)</u>
Net current liabilities		<u>(145,731)</u>	<u>(281,513)</u>
Total assets less current liabilities		<u>222,968</u>	<u>134,153</u>
Provisions for liabilities and charges	12	<u>(58,750)</u>	<u>(27,250)</u>
Net assets		<u>164,218</u>	<u>106,903</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	164,216	106,901
Equity shareholders' funds	15	<u>164,218</u>	<u>106,903</u>

These financial statements were approved by the board of directors on
on its behalf by:.

and were signed

N Catliff
Director

N. Catliff

21/10/2000

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently 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 in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Depreciation

Depreciation has been provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Plant and machinery	-	20%-33.33% per annum
Motor vehicles	-	33.33% per annum
Leasehold improvements	-	20% per annum

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company to its parent undertaking, net of value added tax and trade discounts.

Notes *(continued)*

2 Profit on ordinary activities before taxation

	1999 £	1998 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of owned fixed assets	224,547	59,522
Depreciation of assets held under finance leases and hire purchase contracts	-	2,630
Auditors' remuneration - audit	4,250	4,500
- other services	5,080	-
Loss on disposal of fixed assets	4,950	-
Hire of plant and machinery	26,117	11,044
Hire of other assets	70,343	20,000

3 Remuneration of directors

	1999 £	1998 £
Directors' emoluments	589,057	152,500
Company contributions to personal pension schemes	18,000	-
	<u>607,057</u>	<u>152,500</u>

The remuneration of the highest paid director was £189,220 (1999: £152,500).

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	1999	1998
Administration and production	30	21

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	1,136,028	376,391
Social security costs	118,954	37,016
Other pension costs	18,000	-
	<u>1,272,982</u>	<u>413,407</u>

5 Other interest receivable and similar income

	1999 £	1998 £
Bank interest receivable	3,484	681

6 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdrafts	37	-
Finance charges payable in respect of finance leases and hire purchase contracts	1,624	905
	<u>1,661</u>	<u>905</u>

Notes (continued)

7 Taxation

	1999 £	1998 £
UK corporation tax	71,944	28,154
Deferred tax (see note 13)	31,500	27,250
	<hr/> 103,444	<hr/> 55,404

8 Tangible fixed assets

	Leasehold improvements £	Plant and Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 1999	34,170	479,444	506	514,120
Additions	-	182,530	-	182,530
Disposals	-	(11,558)	-	(11,558)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	34,170	650,416	506	685,092
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1999	2,278	96,023	153	98,454
Charge for the year	6,834	217,544	169	224,547
On disposals	-	(6,608)	-	(6,608)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	9,112	306,959	322	316,393
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	25,058	343,457	184	368,699
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	31,892	383,421	353	415,666
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the net book value of plant and machinery is £nil (1998: £92,080) of assets held under finance lease and hire purchase contracts. No depreciation was charged on these assets during the year (1999: £2,630).

Notes (continued)

9 Stocks

	1999	1998
	£	£
Finished goods	2,337	3,126

10 Debtors

	1999	1998
	£	£
Amounts owed by group undertakings	93,051	164,333
Other debtors	57,431	14,857
	150,482	179,190

11 Creditors: amounts falling due within one year

	1999	1998
	£	£
Obligations under finance lease and hire purchase contracts	-	30,250
Trade creditors	47,555	68,207
Amounts owed to group undertakings	-	266,466
Corporation tax	72,000	28,154
Other taxes and social security costs	34,744	46,488
Accruals and deferred income	279,126	59,303
	433,425	498,868

Notes (continued)

12 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Provided 1999 £	Unprovided 1999 £	Provided 1998 £	Unprovided 1998 £
Capital allowances in advance of depreciation				
At beginning of year	27,250	-	-	-
Charge for the year	31,500	-	27,250	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	58,750	-	27,250	-
	<hr/>	<hr/>	<hr/>	<hr/>

13 Called up share capital

	1999 £	1998 £
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted and called up and fully paid:</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

14 Reserves

	Profit and loss account £
At beginning of year	106,901
Retained profit for the year	57,315
	<hr/>
At end of year	164,216
	<hr/>

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	106,903	-
Retained profit for the year	57,315	106,901
Shares issued	-	2
Closing shareholders' funds	164,218	106,903

16 Commitments

At the year end the company had no capital commitments.

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 1999 £	1998 £
<i>Operating leases which expire: within two to five years</i>	60,000	60,000

17 Related party transactions

During the year the company bought and sold services from and to Lion Television Limited, the parent undertaking, totalling £161,246 and £2,332,310 respectively. Amounts owing from the parent undertaking at the year end were £93,051.

During the course of the year the company engaged the services of Ms A Elbourne, the wife of one of the directors, as a production manager. She was paid £10,800 on normal commercial terms for the services supplied.

During the course of the year the company also engaged the services of Ms A Bowes, the wife of one of the directors, as a graphic consultant. She was paid £11,000 on normal commercial terms for the services supplied.

18 Ultimate parent undertaking

The company's ultimate parent undertaking is Lion Television Limited, a company incorporated in England.

19 Ultimate controlling party

The company is controlled by the directors of Lion Television Limited by virtue of their shareholdings.