3904202

MFC.CO.UK Limited

Report and Financial Statements

31 December 2002

Registered No. 3904202

Directors
S Gibson
K Lamb
R W L Henwood
M Loosemore

Secretary
A S I Daw

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Bank of Scotland
The Mound
Edinburgh EH1 1YZ

Registered Office
Sussex House
Plane Tree Crescent
Feltham
Middlesex TW13 7HE

Directors' report

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

Principal activities and review of the business

The purpose of the company is to exploit a perpetual and exclusive licence of the internet and certain media rights of Middlesbrough Football & Athletic Company (1986) Limited including the operation and hosting of the club website.

In the year to 31 December 2002 the company achieved a loss after taxation of £102,936 (2001: £215,830 loss). The directors do not recommend the payment of a dividend (2001: £nil). Both the level of business and the year end position are considered to be satisfactory at this stage in the company's development.

Post balance sheet event

On 6 August 2004 it was agreed by the shareholders that the 558,000 5% cumulative preference shares of £1 each be redesignated as deferred shares of £1 each with no voting rights, no rights to dividends and the right to receive back capital only once the holders of the ordinary shares of £1 each in the capital of the company have received the sum of £1,000,000 per ordinary share. On the same date Premium TV Limited, the holder of the entire issued 5% redeemable preference shares of £1 each waived its rights to receive any arrears of dividends on those shares along with the right to any interest on the unpaid dividends.

Directors and their interests

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

S Gibson	
K Lamb	
J Sykes	(resigned 10 June 2003)
J Gregg	(resigned 1 July 2003)
A Measham*	(resigned 10 June 2003)
R H Page**	(resigned 1 July 2003)
R Henwood	(appointed 1 July 2003)
M Loosemore	(appointed 1 July 2003)

* Alternate for J Sykes
** Alternate for J Gregg

No director had any interest in the share capital of the company.

Auditors

In accordance with section 386(1) of the Companies Act 1985, Ernst &Young LLP are deemed to be automatically re-appointed as auditors of the company upon the expiry of their normal term of office.

By order of the Board

A S I Daw
Secretary

13 October 2004

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;
- 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 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 MFC.CO.UK 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 13. 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.

Independent auditors' report

to the members of MFC.CO.UK Limited (continued)

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

Ernst & Young LLP
Registered Auditor
London
13 October 2004

Profit and loss account

for the year ended 31 December 2002

	Notes	*Year ended 31 December 2002* £	*Year ended 31 December 2001* £
Turnover	2	363,604	233,644
Administrative expenses		(467,439)	(449,474)
Operating loss		(103,835)	(215,830)
Interest receivable		899	-
Loss on ordinary activities before taxation	3	(102,936)	(215,830)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(102,936)	(215,830)
Dividends	9	(20,310)	(20,240)
Retained loss for the period		(123,246)	(236,070)

The results set out above relate wholly to continuing activities.

The notes on pages 9 to 16 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 31 December 2002

There were no recognised gains or losses during the year other than those set out in the profit and loss account above.

Balance sheet

at 31 December 2002

	Notes	31 December 2002 £	31 December 2001 £
Fixed assets			
Intangible assets		-	1
Tangible assets	6	2,667	4,800
		2,667	4,801
Current assets			
Debtors	7	448,141	270,430
Cash at bank		220,314	-
Creditors: amounts falling due within one year	8	(718,145)	(524,318)
Net current liabilities		(49,690)	(253,888)
Total assets less current liabilities		(47,023)	(249,087)
Capital and reserves			
Called up share capital	9	558,100	253,100
Profit and loss account	10	(605,123)	(502,187)
Shareholders' funds	11		
Equity		(645,573)	(522,327)
Non-equity		598,550	273,240
		(47,023)	(249,087)

The notes on pages 9 to 16 form part of these financial statements

Approved by the Board on 13 October 2004

and signed on its behalf by

Rod Henwood

RWL Henwood
Director

Notes to the financial statements

at 31 December 2002

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared in accordance with the going concern concept because one of the company's controlling parties has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

In preparing the financial statements for the current year, the company has adopted FRS 18 'Accounting Policies' and FRS 19 'Deferred Tax'.

The adoption of FRS 19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below. Previously, deferred tax was provided for on a partial provision basis, whereby provision was made on all timing differences to the extent that they were expected to reverse in the future without replacement. The change in accounting policy has not resulted in any revisions to the financial statements in either the current or prior years.

Adoption of FRS 18 has not required any revisions to the financial statements in either the current or prior years.

Statement of cash flows

Under Financial Reporting Standard No. 1 Statement of Cash Flows (Revised), the company is exempt from the requirements to prepare a statement of cash flows as it is a small company under the Companies Act 1985.

Intangible assets

Internet and media rights

The company has a perpetual and exclusive licence for exploitation of the Internet and certain media rights of Middlesbrough Football & Athletic Company (1986) Limited, including the operation and hosting of the club website. The cost of the licence is amortised over a period of five years, which is considered by the directors to be the useful economic life of the rights.

The carrying values of intangible assets are reviewed for impairment, if events or changes in circumstance indicate that those carrying values may not be reasonable.

Notes to the financial statements

at 31 December 2002

1. Accounting policies (continued)

Deferred 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:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not 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.

2. Turnover

Turnover represents amounts derived from the provision of services falling within the company's continuing ordinary activities, after the deduction of value added tax, all of which are conducted in the United Kingdom.

3. *Loss on ordinary activities before taxation*

Loss on ordinary activities before taxation is stated after charging the following:

	Year ended 31 December 2002	*Year ended 31 December 2001*
	£	£
Depreciation	2,134	1,608
Auditors' remuneration – audit services	5,500	6,000

4. *Employee costs*

The average number of employees during the year, all of whom are directors, was 4 (2001: 4).

Two persons (2001: 3) are employed by Premium TV Limited and their costs of £64,337 (2001: £73,302) recharged to the company.

None of the directors received any emoluments during the year (2001: nil).

Notes to the financial statements

at 31 December 2002

5. Tax on loss on ordinary activities

	Year ended 31 December 2002 £	*Year ended 31 December 2001* £
Current tax		
UK corporation tax on loss of the period	0	0
Deferred tax		
Origination and reversal of timing differences	0	0
Other timing differences	0	0
Total deferred tax	0	0
Tax on loss on ordinary activities	0	0
Loss on ordinary activities before tax	(102,936)	(215,830)
Loss on ordinary activities multiplied by standard rate of tax (30%)	(30,881)	(64,749)
Effects of:		
Expenses not deductible for tax purposes	640	480
Accelerated capital allowances	(288)	(768)
Unrelieved losses carried forward	30,529	65,037
Current tax charge for the period	0	0

The company had unrelieved UK companies tax losses of £181,423 at 31 December 2002 (2001: £150,894)

Notes to the financial statements

at 31 December 2002

6. Fixed assets

	Office equipment	*Internet and media rights*	*Total*
	£	£	£
Cost			
At 1January and 31 December 2002	6,400	1	6,401
Depreciation			
At 1 January 2002	1,600	-	1,600
Charged during the year	2,133	1	2,134
At 31 December 2002	3,733	1	3,734
Net book value			
At 31 December 2002	2,667	-	2,667
At 31 December 2001	4,800	1	4,801

7. Debtors

	2002	*2001*
	£	£
Trade debtors	166,288	146,875
Amounts due from controlling parties	279,828	123,455
Other debtors	2,025	100
	448,141	270,430

8. Creditors: amounts falling due within one year

	2002	*2001*
	£	£
Bank overdraft	-	6,813
Trade creditors	55,127	1,865
Amounts due to controlling parties	646,742	486,265
Other creditors and accruals	7,094	7,500
Taxation and social security	9,182	21,875
	718,145	524,318

Notes to the financial statements

at 31 December 2002

9. Share capital

	2002 Number	*2001 Number*	*2002 £*	*2001 £*
Authorised				
Ordinary shares of £1 each	100	100	100	100
8% cumulative preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
5% cumulative preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
			4,000,100	4,000,100

Preference shares carry a fixed cumulative preferential dividend at the rates specified above payable quarterly. Interest accrues on the amount of any preference dividend unpaid.

	2002 Number	*2001 Number*	*2002 £*	*2001 £*
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	100	100
8% cumulative preference shares of £1 each	-	253,000	-	253,000
5% cumulative preference shares of £1 each	558,000	-	558,000	-
			558,100	253,100

During the year the company issued 558,000 5% preference shares of £1 each at par. Of this amount, 253,000 shares were issued in consideration for the cancellation of 253,000 8% preference shares of £1 each.

The preference dividend of £20,310 (2001: £20,240) for the year ended 31 December 2002 has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No.4 and is shown in the Reconciliation of Shareholders' Funds and Movements on Reserves (see note 11). Under the terms of the 5% cumulative preference shares the cumulative dividend due has been calculated as if those shares had replaced the 8% cumulative preference shares from the original date of issue.

On 6 August 2004 it was agreed by the shareholders that the 558,000 5% cumulative preference shares of £1 each be redesignated as deferred shares of £1 each with no voting rights, no rights to dividends and the right to receive back capital only once the holders of the ordinary shares of £1 each in the capital of the company have received the sum of £1,000,000 per ordinary share.

Notes to the financial statements

at 31 December 2002

10. Profit and loss account

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
At start of year	(502,187)	(286,357)
Retained loss for the year	(123,246)	(236,070)
	(625,433)	(522,427)
Undeclared dividends due to non-equity shareholders	20,310	20,240
At end of year	(605,123)	(502,187)

Cumulative undeclared dividends due to non-equity shareholders

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
At start of year	20,240	-
Undeclared dividend for the year	20,310	20,240
At end of year	40,550	20,240

On 6 August 2004 Premium TV Limited, the holder of the entire issued 5% redeemable preference shares of £1 each waived its rights to receive any arrears of dividends on those shares along with the right to any interest on the unpaid dividend.

11. Reconciliation of shareholders' funds and movements on reserves

	Equity interests £	Non-equity interests £	Total shareholders' funds £
At 1 January 2001	-	-	-
Share capital	100	253,000	253,100
Profit and loss account	(522,427)	20,240	(502,187)
At 31 December 2001	(522,327)	273,240	(249,087)
Shares cancelled in the year	-	(253,000)	(253,000)
Shares issued in the year	-	558,000	558,000
Loss for the year	(102,936)	-	(102,936)
Undeclared dividends due to non-equity shareholders	(20,310)	20,310	-
At 31 December 2002	(645,573)	598,550	(47,023)

Notes to the financial statements

at 31 December 2002

12. Related party transactions

(a) The company receives from Premium TV Limited services in connection with the construction, hosting and operation of the website of Middlesbrough Football and Athletic Company (1986) Limited. Premium TV Limited is a 50% shareholder in the company. Amounts charged during the year in respect of these services totalled £259,000 (2001: £305,000) excluding VAT.

(b) In addition to the amounts identified in (a) above, the company has, during the year, received goods, services and cash from Premium TV Limited to a value of £152,118 (2001: £136,873).

(c) At the balance sheet date, £645,672 (2001: £486,019) (including VAT) was due to Premium TV Limited, for the current and earlier periods, in respect of the transactions described in (a) and (b) above, and is shown in note 8 above within amounts due to controlling parties.

(d) On occasion the company utilises facilities provided by Middlesbrough Football and Athletic Company (1986) Limited, for which it is recharged. The amount recharged in the year amounted to £3,076 (2001: £812) of which £1,070 (2001: £246) (including VAT) is included in amounts due to controlling parties in note 8 above.

(e) The company is entitled to receive a commission on the gross sales value of replica Middlesbrough football kit where the order is placed via the club website. During the year the amount of income receivable from the Middlesbrough Football and Athletic Company (1986) Limited in respect of such sales was £5,756 (2001: £6,801). At the balance sheet date £9,113 (2001: £nil) (including VAT) is included in amounts due from controlling parties in note 7 above.

(f) In addition, to the amounts identified in (e) above, during the year the company was entitled to receive from the Middlesbrough Football and Athletic Company (1986) Limited £143,000 (2001: £55,000), in respect of broadcast fees and £25,000 (2001: £nil) in respect of advertising commission. At the balance sheet date £249,100 (2002: £51,700) (including VAT) relating to these transactions is included in amounts due from controlling parties in note 7 above.

(g) In addition, Premium TV Limited has collected amounts due to the company from third parties, at the year end the aggregate amount receivable by the company in respect of these transactions of £21,615 (2001: £71,755) is included in amounts due from controlling parties in note 7 above.

(h) During the year the company was entitled to receive from a company within the NTL Inc. Group (of which Premium TV Limited was formerly a member) an amount of £175,000 (2001: £125,000) relating to a media project. At the year end £100,000 (plus VAT) remained outstanding in respect of this transaction, which amount is included under the caption in trade debtors in note 7 above.

Notes to the financial statements

at 31 December 2002

13. Controlling parties

The company is jointly controlled by two companies, Premium TV Limited and Middlesbrough Football and Athletic Company (1986) Limited. The smallest group in which the company's results will be included is Middlesbrough Football and Athletic Company Holdings Limited. Copies of its group financial statements can be obtained from its registered office at The Riverside Stadium, Middlesbrough, Cleveland TS3 6RS. The largest group in which the company's results will be included is PTV, Inc. (formerly NTL Europe, Inc.), a company incorporated in the United States of America, the ultimate parent undertaking of Premium TV Limited. Copies of its group financial statements can be obtained from PTV, Inc. 37 Purchase St, 2nd Floor, Rye NY 101580.