

**Company Registration Number: 3913139**

**Odyssey Venture Partners Limited**

**Directors' Report and Financial Statements  
for the year ended 30 June 2003**



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**Odyssey Venture Partners Limited  
Directors' Report  
for the year ended 30 June 2003**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2003.

**Principal activities**

The principal activity of the company is that of an investment holding company.

**Review of the business and future developments**

During the year, the company incorporated a new subsidiary OVP 4 Limited. In May 2003 the company sold its investment in OVP 2 Limited and OVP 3 Limited to OVP 4 Limited. Further details on these transactions are given in note 8.

The profit and loss account for the year is set out on page 4.

**Dividends**

The directors do not recommend the payment of a dividend.

**Directors and their interests**

The directors of the company at 30 June 2003, all of whom have been directors for the whole of the year ended on that date unless indicated otherwise, are listed below:

JL Beckwith

ACC Collett

MC Johnson

SA Holder

R Silvester (resigned 7 May 2003)

SA Holder is Company Secretary.

None of the directors hold any interest in the shares of the company. The interests of JL Beckwith, MC Johnson and SA Holder in Pacific Investments II Limited, the ultimate parent company, and its other subsidiaries are disclosed in the financial statements of that company.

**Odyssey Venture Partners Limited  
Directors' Report  
for the year ended 30 June 2003**

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

*The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2003 and that applicable accounting standards have been followed.*

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.

**Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) on 1 January 2003, PricewaterhouseCoopers resigned on 13 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors on 14 March 2003.

Under section 379A of the Companies Act 1985, the company has elected to dispense with the following obligations:

- To lay accounts and reports before general meetings;
- To hold annual general meetings; and
- To appoint auditors annually.

By Order of the Board



SA Holder  
Secretary

124 Sloane Street  
London SW1X 9BW

**Independent Auditors' Report to the Members of  
Odyssey Venture Partners Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 is not disclosed.


**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 affairs of the company at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**  
*30 April 2004*

**Odyssey Venture Partners Limited**

**Profit and Loss Account  
for the year ended 30 June 2003**

	Note	2003 £	2002 £
Net operating expenses	3	(28,197)	(23,726)
<b>Operating loss</b>	2	<u>(28,197)</u>	<u>(23,726)</u>
Loss on sale of investments	8	(2,506,839)	(9,566,861)
Interest receivable and similar income	5	103,155	4,018
Amounts written off investments	8	(140,041)	(1,236,267)
Interest payable and similar charges	6	(727,641)	(594,433)
<b>Loss on ordinary activities before taxation</b>		<u>(3,299,563)</u>	<u>(11,417,269)</u>
Taxation	7	965,818	2,555,083
<b>Loss on ordinary activities after taxation</b>		<u>(2,333,745)</u>	<u>(8,862,186)</u>
<b>Retained loss for the year</b>	13	<u><u>(2,333,745)</u></u>	<u><u>(8,862,186)</u></u>

The operating loss derives wholly from continuing operations.

There are no recognised gains or losses other than the loss for the period as shown above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 12 form an integral part of these financial statements.

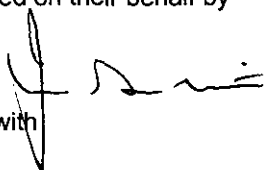
**Odyssey Venture Partners Limited**

**Balance Sheet  
as at 30 June 2003**

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	8	<u>2,775,220</u>	<u>3,358,136</u>
<b>CURRENT ASSETS</b>			
Debtors	9	478,475	2,957,155
Cash at bank and in hand		<u>2,590,935</u>	<u>1,392,563</u>
		3,069,410	4,349,718
<b>CREDITORS (amounts falling due within one year)</b>	10	(30,651)	(6,016,092)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>3,038,759</u>	<u>(1,666,374)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,813,979	1,691,762
<b>CREDITORS (amounts falling due after more than one year)</b>	11	(17,264,327)	(10,808,365)
<b>NET LIABILITIES</b>		<u>(11,450,348)</u>	<u>(9,116,603)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account	13	(11,450,350)	(9,116,605)
<b>Shareholders' deficit</b>	14	<u>(11,450,348)</u>	<u>(9,116,603)</u>

The accounts were approved by the  
Board of Directors on 26 April 2004  
and signed on their behalf by

JL Beckwith  
Director



The notes on pages 6 to 12 form an integral part of these financial statements.

## **Odyssey Venture Partners Limited**

### **Notes to the Accounts for the year ended 30 June 2003**

#### **1 Principal Accounting Policies**

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

##### **Consolidation**

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its parent, Pacific Investment II Limited, a company registered in England and Wales.

The financial statements of Pacific Investments II Limited are publicly available (see Note 15).

##### **Investments**

Investments are stated at cost, less provision for permanent diminution in value.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the financial year end rates and any differences arising on consolidation are taken to the profit and loss account.

##### **Cash flow statement**

The company is exempt from preparing a cash flow statement under the terms of Financial Reporting Standard 1 as it is included within the consolidated financial statements of Pacific Investments II Limited.

##### **Going concern**

The accounts have been prepared on a going concern basis which assumes the continued support of the parent company and group undertakings. The directors have received a letter from the parent confirming their support for a period of at least one year from the date of approval of the financial statements.

##### **Deferred taxation**

Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. The deferred tax liability, that is the result of timing differences, is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised are not discounted.

#### **2 Operating loss**

The operating loss is stated after charging/(crediting):

	2003 £	2002 £
Auditor's remuneration		
- Audit services	5,875	3,000
- Non audit services	588	67,563
Foreign exchange (gain)/loss	<u>-</u>	<u>(30,799)</u>

**Odyssey Venture Partners Limited**

**Notes to the Accounts (continued)  
for the year ended 30 June 2003**

**3 Net operating expenses**

Net operating expenses are analysed as follows:

	2003 £	2002 £
Other operating income	-	(15,243)
Administrative expenses	28,197	38,969
	<u>28,197</u>	<u>23,726</u>

**4 Staff Costs**

The company employed no staff during the year and no emoluments were paid to directors (2002: £nil).

**5 Interest receivable and similar income**

	2003 £	2002 £
Bank interest receivable	16,461	1,947
Interest receivable from associate	9,605	2,071
Interest receivable from group undertakings	77,089	-
	<u>103,155</u>	<u>4,018</u>

**6 Interest payable and similar charges**

	2003 £	2002 £
Bank loans	194,570	522,436
Interest owed to group undertakings	533,071	71,997
	<u>727,641</u>	<u>594,433</u>

**7 Taxation**

	2003 £	2002 £
Tax credit in respect of losses surrendered to group companies (at 30%)	(965,818)	(2,555,083)
	<u>(965,818)</u>	<u>2,555,083</u>



# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the year ended 30 June 2003

### 7.1 Reconciliation of tax credit

	2003 £	2002 £
Loss on ordinary activities before taxation	(3,299,563)	(11,417,269)
Tax credit on ordinary activities before taxation at 30%	(989,869)	(3,425,180)
Expenses not tax deductible for tax purposes	129	59
Movement on provisions	23,921	370,880
Capital loss on intercompany transfer	778,924	2,870,058
Losses surrendered by affiliated companies	(778,924)	(2,370,900)
	<u>(965,818)</u>	<u>(2,555,083)</u>

### 7.2 Deferred tax asset

	2003 £	2002 £
	Unrecognised	Unrecognised
Timing differences - movement in provisions	417,510	393,589
	<u>417,510</u>	<u>393,589</u>

No significant factors affecting future tax rates are anticipated.

## 8 Investments

	2003 £	2002 £
Subsidiaries	2,587,167	3,090,053
Associates	-	30
Other investments	188,053	268,053
	<u>2,775,220</u>	<u>3,358,136</u>

### 8.1 Investment in subsidiaries

	Shares £	Loan £	Total £
Cost at 1 July 2002	3,003,500	852,820	3,856,320
Additions	443,003	2,140,764	2,583,767
Disposal	(3,000,100)	(86,815)	(3,086,915)
Cost at 30 June 2003	<u>446,403</u>	<u>2,906,769</u>	<u>3,353,172</u>
Provision for permanent diminution in value at 1 July 2002	-	(766,267)	(766,267)
Adjustment to provision for permanent diminution in value		262	262
At 30 June 2003	<u>-</u>	<u>(766,005)</u>	<u>(766,005)</u>
Net Book Value at 30 June 2002	<u>3,003,500</u>	<u>86,553</u>	<u>3,090,053</u>
Net Book Value at 30 June 2003	<u>446,403</u>	<u>2,140,764</u>	<u>2,587,167</u>

## **Odyssey Venture Partners Limited**

### **Notes to the Accounts (continued) for the year ended 30 June 2003**

#### **8.1 Investment in subsidiaries (continued)**

The company has two subsidiaries, details of which are as follows:

Name of undertaking	% share held	% voting	Holding	Nature of business	Place of Incorporation
Odyssey New Media Limited	100%	100%	Ordinary	Holding company	England and Wales
OVP 4 Limited	100%	100%	Ordinary	Holding company	England and Wales

On 22 May 2003, the company subscribed for 1 Ordinary share in OVP 4 Limited of £1.

On 30 May 2003, the company purchased 9,999 Ordinary Shares in OVP 4 Limited of £1 each at a premium of £43.30 per share.

On the same day, the company sold its investment in OVP 2 Limited to its subsidiary OVP 4 Limited for £433,002.

On the same day, the company sold its investment in OVP 3 Limited to its subsidiary OVP 4 Limited for £1.

The loans to OVP 2 Limited and OVP 3 Limited have not been transferred to OVP 4 Limited.

#### **8.2 Investment in associates**

	£
At 30 June 2002	30
Provision for permanent diminution in value	(30)
At 30 June 2003	-

The company had one associate during the year, details of which are as follows:

Name of undertaking	% share held	% voting rights	Holding	Nature of business	Place of Incorporation
Image Venture Holdings Limited	50%	50%	Ordinary	Investment company	England and Wales

# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the year ended 30 June 2003

### 8.3 Other investments

	£
Cost at 1 July 2002	769,058
Additions	60,273
Disposals	(270,000)
Cost at 30 June 2003	<u>559,331</u>
Provision for permanent diminution in value at 1 July 2002	(501,005)
Written off on disposal of investments	270,000
Provision for permanent diminution in value	(140,273)
At 30 June 2003	<u>(371,278)</u>
Net Book Value at 30 June 2002	<u>268,053</u>
Net Book Value at 30 June 2003	<u>188,053</u>

The company's other investments comprise unlisted investments in the UK and overseas. Provision for permanent diminution in value has been made where the directors consider it appropriate.

### 9 Debtors

	2003 £	2002 £
Corporation tax recoverable	466,660	2,555,083
Amounts due from associated undertakings	11,676	402,072
Other debtors	139	-
	<u>478,475</u>	<u>2,957,155</u>

### 10 Creditors (amounts falling due within one year)

	2003 £	2002 £
Bank loans and overdrafts	-	5,845,533
Other creditors	19,584	2,657
Accruals and deferred income	11,067	167,902
	<u>30,651</u>	<u>6,016,092</u>

# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the year ended 30 June 2003

### 11 Creditors (amounts falling due after one year)

	2003 £	2002 £
Bank loans	3,000,000	-
Amounts due to holding company	2,538,935	5,227,768
Amounts due to group undertakings	11,725,392	5,580,597
	<u>17,264,327</u>	<u>10,808,365</u>

The loans from Pacific Investments PLC (intermediate holding company), River & Mercantile PLC, Pacific Leisure, Entertainment & Media Limited (group undertaking) are viewed as long term debt in nature with no fixed date of repayment. All companies have confirmed that they will not seek repayment of their loan for a period of 12 months from the date of signing of these financial statements.

### 12 Share capital

At 30 June 2003 and 2002, the authorised and issued share capital of the company comprised:

	2003 £
<b>Authorised</b>	
1,000 Ordinary shares at £1 each	<u>1,000</u>
<b>Issued and fully paid</b>	
2 Ordinary shares at £1 each	<u>2</u>

### 13 Profit and loss account

	£
Balance as at 30 June 2002	(9,116,605)
Retained loss for the year	(2,333,745)
Balance as at 30 June 2003	<u>(11,450,350)</u>

### 14 Reconciliation of movement in shareholders' deficit

	£
Shareholders' deficit at 30 June 2002	(9,116,603)
Retained loss for the year	(2,333,745)
Shareholders' deficit at 30 June 2003	<u>(11,450,348)</u>

### 15 Ultimate parent company and controlling party

The immediate holding company is Pacific Leisure, Entertainment & Media Limited. The ultimate parent undertaking and the smallest and largest group to prepare consolidated financial statements is Pacific Investments II Limited. Copies of these group financial statements may be obtained from the Company Secretary at 124 Sloane Street, London, SW1X 9BW.

In the opinion of the directors the ultimate controlling party of the company is JL Beckwith, a director and majority shareholder of the ultimate holding company.

**16 Related parties**

The company has taken advantage of the exemption under FRS 8 not to disclose any transactions with other group companies since more than 90% of the voting rights are controlled within the group and consolidated financial statements of the group are publicly available.