

Company Registration Number: 3913139

**ODYSSEY VENTURE PARTNERS LIMITED**

**Directors' Report and Financial Statements  
for the year ended 30 June 2002**



**ODYSSEY VENTURE PARTNERS LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 30 June 2002**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2002.

**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 two new subsidiaries, OVP 2 Limited and OVP 3 Limited. In June 2002 the company sold its investment in ImageState PLC to OVP 2 Limited and sold its investment in Simply Television Group Limited (formerly Simply Television Limited) to OVP 3 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 2002, 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 (appointed 18 January 2002)

SA Holder

MC Johnson (resigned 26 July 2001)

R Silvester

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 PLC, the ultimate parent company, and its other subsidiaries are disclosed in the financial statements of that company.

The interests of R Silvester in Concept Outdoor Worldwide Limited, Sporting Frontiers Limited, and Model Frontiers Limited, which are all subsidiaries of Pacific Investments PLC, are disclosed in the financial statements of those companies.

**ODYSSEY VENTURE PARTNERS LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 30 June 2002**

**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 2002 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) from 1 January 2003, PricewaterhouseCoopers resigned on 13 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

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 2002 and of its loss and cashflows 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**

*25 April 2003*

**Odyssey Venture Partners Limited**

**Profit and Loss Account  
for the year ended 30 June 2002**

	Note	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Net operating expenses	3, 4	(23,726)	(63,237)
<b>Operating loss</b>	2	<u>(23,726)</u>	<u>(63,237)</u>
(Loss) / profit on sale of investments		(9,566,861)	144,867
Interest receivable and similar income	5	4,018	296,779
Amounts written off investments	8	(1,236,267)	(75,696)
Interest payable and similar charges	6	(594,433)	(634,134)
<b>Loss on ordinary activities before taxation</b>		<u>(11,417,269)</u>	<u>(331,421)</u>
Taxation	7	2,555,083	77,002
<b>Loss on ordinary activities after taxation</b>		<u>(8,862,186)</u>	<u>(254,419)</u>
<b>Retained loss for the period</b>		<u><u>(8,862,186)</u></u>	<u><u>(254,419)</u></u>

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

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 2002

	Note	30 June 2002 £	30 June 2001 £
<b>FIXED ASSETS</b>			
Investments	8	3,358,136	9,798,052
<b>CURRENT ASSETS</b>			
Debtors	9	2,957,155	127,002
Cash at bank and in hand		<u>1,392,563</u>	<u>41,968</u>
		4,349,718	168,970
<b>CREDITORS (amounts falling due within one year)</b>	10	(6,016,092)	(396,562)
<b>NET CURRENT LIABILITIES</b>		<u>(1,666,374)</u>	<u>(227,592)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,691,762	9,570,460
<b>CREDITORS (amounts falling due after one year)</b>	11	(10,808,365)	(9,824,877)
<b>NET LIABILITIES</b>		<u>(9,116,603)</u>	<u>(254,417)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account	13	(9,116,605)	(254,419)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	14	<u>(9,116,603)</u>	<u>(254,417)</u>

The accounts were approved by the  
Board of Directors on 25 April 2003  
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 2002**

#### **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, are 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 PLC, a company registered in England and Wales.

##### **Investments**

Investments are valued 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 PLC.

##### **Deferred taxation**

The company has adopted FRS 19 in these financial statements. 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. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable in full. Deferred tax assets and liabilities are not discounted. No adjustments to current or prior year balances were required as a result of the adoption of this standard.

##### **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.

# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the period ended 30 June 2002

### 2 Operating loss

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

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Auditor's remuneration		
- Audit services	3,000	3,000
- Non audit services	67,563	-
Foreign exchange (gain)/loss	<u>(30,799)</u>	<u>37,245</u>

### 3 Net operating expenses

Net operating expenses are analysed as follows:

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Administrative expenses	38,969	132,237
Other operating income	(15,243)	(69,000)
	<u>23,726</u>	<u>63,237</u>

### 4 Staff Costs

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Wages and salaries	-	60,000
Social security costs	-	6,829
	<u>-</u>	<u>66,829</u>

The company employed no staff (2001: 1) during the year and no emoluments were paid to directors (2001: nil).



**Odyssey Venture Partners Limited**

**Notes to the Accounts (continued)  
for the period ended 30 June 2002**

**5 Interest receivable**

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Bank interest receivable	1,947	410
Amounts receivable from associate	2,071	296,369
	<u>4,018</u>	<u>296,779</u>

**6 Interest payable**

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Bank loans	522,436	310,217
Amounts owed to group undertakings	71,997	323,917
	<u>594,433</u>	<u>634,134</u>

**7 Taxation**

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Credit in respect of group relief (at 30%)	2,555,083	77,002
	<u>2,555,083</u>	<u>77,002</u>

**7.1 Reconciliation of tax credit**

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
Loss on ordinary activities before taxation	(11,417,269)	(331,421)
Tax on ordinary activities before taxation at 30%	3,425,181	99,426
Difference between profit on sale of investment and chargeable gain	-	472
Permanent differences	(59)	(187)
Movement on provisions	(370,880)	(22,709)
Capital loss on intercompany transfer	(2,870,058)	-
Losses surrendered by affiliated companies	2,370,900	-
	<u>2,555,083</u>	<u>77,002</u>

# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the period ended 30 June 2002

### 7.2 Deferred tax asset

	Year ended 20 June 2002 £	Period from 20 January 2000 to 30 June 2001 £
	Unrecognised	Unrecognised
Capital losses	393,589	22,709
	<u>393,589</u>	<u>22,709</u>

### 8 Investments

	2002 £	2001 £
Subsidiaries	3,090,053	3,400
Associates	30	9,056,599
Other investments	268,053	738,053
	<u>3,358,136</u>	<u>9,798,052</u>

#### 8.1 Investment in subsidiaries

	Shares £	Loan £	Total £
At 30 June 2001	3,400	-	3,400
Additions / movement in balance	3,000,100	852,820	3,852,920
Amounts provided in the year	-	(766,267)	(766,267)
At 30 June 2002	<u>3,003,500</u>	<u>86,553</u>	<u>3,090,053</u>

The company has three 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 2 Limited	100%	100%	Ordinary	Holding company	England and Wales
OVP 3 Limited	100%	100%	Ordinary	Holding company	England and Wales

On 31 May 2002, the company acquired 9,999 Ordinary Shares in OVP 2 Limited for £2,900,010.

On 31 May 2002, the company acquired 9,999 Ordinary Shares in OVP 3 Limited for £100,090.

## Odyssey Venture Partners Limited

### Notes to the Accounts (continued) for the period ended 30 June 2002

#### 8.2 Investment in associates

	£
At 30 June 2001	9,056,599
Additions / movement in balance	3,483,450
Disposals / reduction in balance	(12,540,019)
At 30 June 2002	<u>30</u>

The company has one associate, 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

During the year, the company sold its investment in ImageState PLC to its subsidiary OVP 2 Limited for £2,900,000.

During the year, the company sold its investment in Simply Television Group Limited (formerly Simply Television Limited) to its subsidiary OVP 3 Limited for £100,000.

#### 8.3 Other investments

	£
Cost at 30 June 2001 and 30 June 2002	738,053
Provided in the period	(470,000)
Net book value at 30 June 2002	<u>268,053</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

	2002 £	2001 £
Amounts due from group undertakings	-	10,000
Corporation tax	2,555,083	77,002
Amounts due from associated undertakings	402,072	-
Other debtors	-	40,000
	<u>2,957,155</u>	<u>127,002</u>

# Odyssey Venture Partners Limited

## Notes to the Accounts (continued) for the period ended 30 June 2002

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

	2002 £	2001 £
Bank loans and overdrafts	5,845,533	-
Amounts due to holding company	-	285,736
Amounts due to group undertakings	-	14,600
Other creditors	2,657	-
Accruals and deferred income	167,902	96,226
	<u>6,016,092</u>	<u>396,562</u>

The company's bank loans are denominated in Sterling and US Dollars and are provided by the committed bank facility from the Bank of Scotland described in note 17 and are cross guaranteed by various Pacific Investments PLC subsidiaries. The loans were fully repaid subsequent to the year end.

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

	2002 £	2001 £
Bank loans	-	5,440,006
Amounts due to holding company	5,227,768	3,623,871
Amounts due to group undertakings	5,580,597	761,000
	<u>10,808,365</u>	<u>9,824,877</u>

Bank loans were reclassified during the period to creditors due within one year as they were fully repaid subsequent to the year end.

The loans from River & Mercantile PLC and Pacific Investments PLC are viewed as long term debt in nature. There is no fixed date of repayment and interest on the loan has been waived. Both River & Mercantile PLC and Pacific Investment PLC 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 2002 and 2001, the authorised and issued share capital of the company comprised:

	Authorised		Allotted and fully paid up	
	Number	£	Number	£
Ordinary shares of £1 each	1,000	1,000	2	2
	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

### 13 Profit and loss account

	£
Balance as at 30 June 2001	(254,419)
Retained loss for the period	(8,862,186)
Balance as at 30 June 2002	<u>(9,116,605)</u>

## **Odyssey Venture Partners Limited**

### **Notes to the Accounts (continued) for the period ended 30 June 2002**

#### **14 Reconciliation of movement in shareholders' deficit**

	£
Shareholders' deficit at 30 June 2001	(254,417)
Retained loss for the period	(8,862,186)
Shareholders' deficit at 30 June 2002	<u>(9,116,603)</u>

#### **15 Ultimate parent company and controlling party**

At 30 June 2002, the company's immediate and ultimate holding company was Pacific Investments PLC, a company registered in England and Wales, which is the smallest and largest group of which the company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the Company Secretary at 124 Sloane Street, London, SW1X 9BW.

Subsequent to the year end, Pacific Investments II Limited became the company's ultimate parent company.

The directors consider the ultimate controlling party to be JL Beckwith, a director and majority shareholder of the holding company.

#### **16 Related parties**

An amount of £10,000 receivable from Simply Shopping TV Limited (a subsidiary of Simply Television Group Limited) at 30 June 2001 was paid in full in the year.

Upon the flotation of ImageState PLC (formerly Convergence Holdings PLC) in February 2000, 400,000 shares in that company were allotted to Mrs HM Beckwith, the wife of JL Beckwith, a director and the ultimate controlling party of the company. At 30 June 2001, consideration of £40,000 remained owing to the company from Mrs Beckwith. The amount was settled in full during the year.

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

#### **17 Guarantees**

On 14 March 2001, the company entered into a corporate cross-guarantee and debenture in favour of the Bank of Scotland in respect of borrowings incurred by the company and other named subsidiaries of Pacific Investments PLC under an agreement of the same date extending an earlier £36 million facility dated 22 February 1999 to a total facility of £48.5 million. On 30 October 2001, the facility was again amended to extend the facility to £49 million and include additional named group companies.