

SO TELEVISION LIMITED

COMPANY INFORMATION

3991026

31.7.01

Directors
G Norton (Appointed 2 June 2000)
G Stuart (Appointed 2 June 2000)
J Magnusson (Appointed 12 July 2001)

Secretary G Stuart

Company number 03991026

Registered office
Europa House, Goldstone Villas
Hove
East Sussex
BN3 3RQ

Auditors
Victor Boorman & Co
Europa House, Goldstone Villas
Hove
East Sussex
BN3 3RQ

Business address
56 Shorts Gardens
London
WC2H 9AN

Solicitors
Olswang
90 Long Acre
London
WC2E 9TT



SO TELEVISION LIMITED

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SO TELEVISION LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2001

The directors present their report and financial statements for the period ended 31 July 2001.

Principal activities

The company was incorporated on 11 May 2000 and commenced trading on 1 August 2000. The principal activity of the company since that date was that of production of television programmes.

Directors

The following directors have held office since 11 May 2000:

G Norton	(Appointed 2 June 2000)
G Stuart	(Appointed 2 June 2000)
J Magnusson	(Appointed 12 July 2001)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary 'A' shares of 10p each	
	31 July 2001	11 May 2000
G Norton	450	-
G Stuart	-	-
J Magnusson	-	-

	Ordinary 'B' shares of 10p each	
	31 July 2001	11 May 2000
G Norton	-	-
G Stuart	450	-
J Magnusson	-	-

	Ordinary 'C' shares of 10p each	
	31 July 2001	11 May 2000
G Norton	-	-
G Stuart	-	-
J Magnusson	-	-

During the period the option to purchase 100 'C' ordinary shares was granted to J Magnusson.

Charitable contributions

During the period the company made charitable donations of £500.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Victor Boorman & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

SO TELEVISION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2001

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 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;
- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



13.11.01

G Stuart

Director

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SO TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SO TELEVISION LIMITED

We have audited the financial statements of So Television Limited on pages 4 to 11 for the period ended 31 July 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 or 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Victor Boorman & Co

Chartered Accountants
Registered Auditor


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13.11.01
Europa House, Goldstone Villas
Hove
East Sussex
BN3 3RQ

SO TELEVISION LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 JULY 2001**

	Notes	Period ended 31 July 2001 £
Turnover	2	4,014,293
Cost of sales		(3,134,437)
Gross profit		879,856
Administrative expenses		(598,312)
Operating profit	3	281,544
Other interest receivable and similar income		16,570
Interest payable and similar charges		(6)
Profit on ordinary activities before taxation		298,108
Tax on profit on ordinary activities	4	(67,794)
Profit on ordinary activities after taxation		230,314
Dividends	5	(80,000)
Retained profit for the period	13	150,314

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

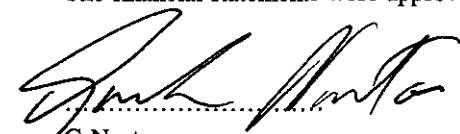
SO TELEVISION LIMITED

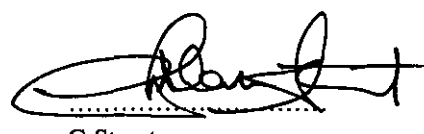
**BALANCE SHEET
AS AT 31 JULY 2001**

	Notes	2001 £	£
Fixed assets			
Tangible assets	6		65,471
Current assets			
Debtors: amounts falling due within one year	7	301,243	
Debtors: amounts falling due after more than one year	7	34,750	
Cash at bank and in hand	8	390,828	
		<u>726,821</u>	
Creditors: amounts falling due within one year	9	(630,742)	
Net current assets			<u>96,079</u>
Total assets less current liabilities			<u>161,550</u>
Provisions for liabilities and charges	10		<u>(11,146)</u>
			<u>150,404</u>
Capital and reserves			
Called up share capital	12		90
Profit and loss account	13		<u>150,314</u>
Shareholders' funds - equity interests	14		<u>150,404</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 13.11.01


G Norton
Director


G Stuart
Director

SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for work carried out in producing television programmes. Gross profit is arrived at after deducting production costs.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% straight line
Fixtures, fittings & equipment	25% reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Television production contracts

Turnover and attributable profit are recognised on production in progress in proportion to the stage of completion of the work where the financial outcome can be foreseen with reasonable certainty.

2 Turnover

In the period to 31 July 2001 0.90% of the company's turnover was to markets outside the United Kingdom.

3 Operating profit

2001

£

Operating profit is stated after charging:

Depreciation of tangible assets	20,502
Operating lease rentals	72,053
Auditors' remuneration	10,000
Directors' emoluments	140,640

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1.

SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2001

4	Taxation	2001
		£
	Current taxation	
	U.K. corporation tax at 20%	56,648
		<hr/>
		56,648
	Deferred taxation (see below for analysis)	11,146
		<hr/>
		67,794
		<hr/>

The analysis of the deferred tax charge comprises of the origination of timing differences of £11,146.

Factors affecting the tax charge for the period:

The tax charge for the period is lower than the standard rate of corporation in the UK (20%). The differences are explained below:

	2001
Profit on ordinary activities before taxation	298,108
	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 20%	59,622
Effects of:	
Expenses not deductible for tax purposes	8,172
Depreciation in excess of capital allowances	(11,146)
	<hr/>
Current tax charge for period	56,648
	<hr/>

5	Dividends	2001
		£
	Dividends on equity shares:	
	Ordinary interim paid 31 July 2001	30,000
	Ordinary final proposed	50,000
		<hr/>
		80,000
		<hr/>

SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2001

6 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 11 May 2000	-
Additions	85,974
	<hr/>
At 31 July 2001	85,974
	<hr/>
Depreciation	
At 11 May 2000	-
Charge for the period	20,503
	<hr/>
At 31 July 2001	20,503
	<hr/>
Net book value	
At 31 July 2001	65,471
	<hr/> <hr/>

7 Debtors

	2001 £
Trade debtors	32,534
Other debtors	303,459
	<hr/>
	335,993
	<hr/> <hr/>

Amounts falling due after more than one year and included in the debtors above are:

	2001 £
Other debtors	34,750
	<hr/>
	34,750
	<hr/> <hr/>

SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2001

8	Cash at bank and in hand	2001
		£
	Amounts held in programme production trust accounts	288,706
	Other cash at bank and in hand	102,122
		<u>390,828</u>

Amounts held in programme production trust accounts comprise sums held to fund specific programme production costs.

9	Creditors: amounts falling due within one year	2001
		£
	Trade creditors	60,345
	Taxation and social security	67,656
	Other creditors	502,741
		<u>630,742</u>

Included in other creditors are credit card liabilities of £20,876 which are secured against £42,003 which is held in a specific bank account and included in cash at bank and in hand.

10	Provisions for liabilities and charges	Deferred taxation
		£
	Profit and loss account	<u>11,146</u>

Deferred taxation provided in the financial statements is as follows:

Fully provided

	2001
	£
Accelerated capital allowances	<u>11,146</u>

Deferred taxation is charged at 20%.

11 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,584.

SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2001

12 Share capital	2001
	£
Authorised	
4,500 Ordinary 'A' shares of 10p each	450
4,500 Ordinary 'B' shares of 10p each	450
1,000 Ordinary 'C' shares of 10p each	100
	<hr/>
	1,000
	<hr/>
Allotted, called up and fully paid	
450 Ordinary 'A' shares of 10p each	45
450 Ordinary 'B' shares of 10p each	45
	<hr/>
	90
	<hr/>

From incorporation until 12 July 2001 the company's authorised share capital was 1,000 ordinary shares of £1 each and the issued share capital was one ordinary share of £1. This share was issued at par for a cash consideration.

On 12 July 2001 the authorised share capital was subdivided into 10,000 shares of 10p each and was redesignated as 4,500 'A' shares, 4,500 'B' shares, and 1,000 'C' shares.

The existing issued share capital was redesignated as 10 'B' shares and a further 440 'B' shares and 450 'A' shares were issued at par for a cash consideration on this date.

13 Statement of movements on profit and loss account

	Profit and loss account
	£
Retained profit for the period	150,314
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14 Reconciliation of movements in shareholders' funds	2001
	£
Profit for the financial period	230,314
Dividends	(80,000)
	<hr/>
Proceeds from issue of shares	90
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Net addition to shareholders' funds	150,404
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	150,404
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SO TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2001

15 Financial commitments

At 31 July 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other
	2001	2001
	£	£
Expiry date:		
Within one year	-	1,223
Between two and five years	69,500	-
	<u>69,500</u>	<u>1,223</u>

16 Related party transactions

The company was formed on the instruction of G Norton and G Stuart with the intention that they control the company equally. The original subscriber share was transferred to G Stuart, a director of the company, on incorporation who therefore legally controlled the company from incorporation to 12 July 2001 when the share capital was reorganised and new shares allotted. Since 12 July 2001 the company has been controlled by G Stuart and G Norton, directors of the company, by virtue of the fact that between them they owned all of the issued share capital of the company.

During the period G Norton charged the company presenters fees totalling £790,000. Included in other creditors in Note 9 is an amount of £115,000 due to G Norton.

During the period J Magnusson charged the company producers fees of £97,700 and writers fees of £21,500. Included in trade creditors in Note 9 is an amount of £17,625 due to J Magnusson and included in other creditors in Note 9 is an amount of £20,000 due to J Magnusson.

The following directors' current accounts were due to directors of the company at the balance sheet date:

G Stuart £15,000

G Norton £135,000