

# Shed Productions (BG3) Limited

## REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2004



Company Registration No. 4034991

# Shed Productions (BG3) Limited

## DIRECTORS AND OFFICERS

---

### DIRECTORS

M Chadwick  
B Park  
E Gallagher  
A McManus

### SECRETARY

J Kemp

### COMPANY NUMBER

4034991

### REGISTERED OFFICE

Customs House  
Three Mills Studios  
London E3 3DU

### BUSINESS ADDRESS

Customs House  
Three Mills Studios  
London E3 3DU

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

### BANKERS

Barclays Bank Plc  
27 Soho Square  
London W1D 3QR

### SOLICITORS

Melanie Haddad  
57 Chepstow Place  
London W2 4TS

# Shed Productions (BG3) Limited

## DIRECTORS' REPORT

---

The directors submit their report and the financial statements of Shed Productions (BG3) Limited for the year ended 31 August 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the production and exploitation of television programmes.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are satisfied with the results for the year.

### RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £10,512 (2003: loss of £92,584).

The directors do not recommend the payment of a dividend (2003: £Nil).

### DIRECTORS

The following directors have held office since 1 September 2003:

M Chadwick  
B Park  
E Gallagher  
A McManus

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors had any interest in the shares of the company.

The directors' interests in the shares of the parent company are shown in that company's financial statements.

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



E Gallagher  
Director

17 February 2005

# Shed Productions (BG3) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. *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 requirements of 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 SHED PRODUCTIONS (BG3) LIMITED

We have audited the financial statements on pages 5 to 12.

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 opinion we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

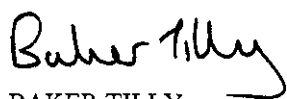
### **Basis of opinion**

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 affairs of the company at 31 August 2004 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

17 February 2005

# Shed Productions (BG3) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2004

	Notes	2004 £	2003 (restated) £
TURNOVER	1	4,292	18,110
Cost of sales		(786)	(136,926)
GROSS PROFIT/(LOSS)		3,506	(118,816)
Other operating expenses (net)		(9,685)	(11,280)
OPERATING LOSS		(6,179)	(130,096)
Other income and interest receivable	2	163	987
Interest payable and similar charges	3	(4,496)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(10,512)	(129,109)
Taxation	6	-	36,525
RETAINED LOSS FOR THE YEAR	11	(10,512)	(92,584)

The operating loss for the year arises from the company's continuing operations.

# Shed Productions (BG3) Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 August 2004

	2004 £	2003 (restated) £
Loss for the financial year	(10,512)	(92,584)
Total recognised gains and losses relating to the year	(10,512)	(92,584)
Prior period adjustment relating to 2003	(85,226)	
Prior period adjustment relating to 2002	188,738	
Total gains and losses recognised since last financial statements	93,000	

# Shed Productions (BG3) Limited

## BALANCE SHEET

As at 31 August 2004

	Notes	2004 £	2003 (restated) £
<b>FIXED ASSETS</b>			
Tangible assets	7	165,162	165,162
<b>CURRENT ASSETS</b>			
Debtors	8	696,100	740,070
Cash at bank and in hand		24,762	28,205
		<u>720,862</u>	<u>768,275</u>
CREDITORS: Amounts falling due within one year	9	(794,626)	(831,527)
<b>NET CURRENT LIABILITIES</b>		<u>(73,764)</u>	<u>(63,252)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>91,398</u>	<u>101,910</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	91,298	101,810
<b>SHAREHOLDERS' FUNDS</b>	12	<u>91,398</u>	<u>101,910</u>

Approved by the board on 17 February 2005

  
 E Gallagher Director



# Shed Productions (BG3) Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TANGIBLE FIXED ASSETS - PROGRAMME ASSETS

Programme assets held under finance leases are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. Any surplus generated from the excess of interest due from the sale proceeds held on deposit as compared with the interest payable under the lease agreement is recognised as profit in the period of initial contract, after accounting for related costs.

Programme assets are stated at cost less depreciation. Depreciation is provided on the programme asset in accordance with the income forecast method whereby depreciation is taken to the profit and loss account on the same pro rata basis as the income received in the accounting period bears to the expected revenue over the life of the programme.

The basis of the calculation used to arrive at the depreciation charge via this method has been altered which has given rise to a prior period adjustment. The effect of this prior period adjustment is outlined in note 13 to these financial statements.

### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### TURNOVER

Income is recognised on the basis set out in the television contracts.

Turnover represents the proportion of income due to the company from programme sales, net of Value Added Tax.

# Shed Productions (BG3) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2004

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2	INVESTMENT INCOME	2004 £	2003 £
---	-------------------	-----------	-----------

	Other interest receivable	163	987
--	---------------------------	-----	-----

3	INTEREST PAYABLE AND SIMILAR CHARGES	2004 £	2003 £
---	--------------------------------------	-----------	-----------

	Other interest	4,496	-
--	----------------	-------	---

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2004 £	2003 £
---	---	-----------	-----------

Loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation and amounts written off tangible fixed assets:

	Charge for the year		
	leased assets	-	135,690
	Auditors' remuneration	1,750	1,750

5	EMPLOYEES	2004 No.	2003 No.
---	-----------	-------------	-------------

The average monthly number of persons (including directors) employed by the company during the year was:

	Management and administration	4	4
--	-------------------------------	---	---

		2004 £	2003 £
--	--	-----------	-----------

Staff costs for above persons:

	Wages and salaries	8,000	8,000
--	--------------------	-------	-------

		2004 £	2003 £
--	--	-----------	-----------

### DIRECTORS' REMUNERATION

	Emoluments	8,000	8,000
--	------------	-------	-------

# Shed Productions (BG3) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2004

6	TAXATION	2004 £	2003 £
	Based on the result for the period:		
	UK corporation tax at 30% (2003: 30%)	-	(36,525)
	Total current tax	-	(36,525)
	Factors affecting tax charge for period:		
		2004 £	2003 (restated) £
	Loss on ordinary activities before tax	(10,512)	(7,358)
	Prior period adjustment	-	(121,751)
		(10,512)	(129,109)
	Loss on ordinary activities multiplied by standard rate of 30% (2003: 30%)	(3,154)	(38,733)
	Effects of:		
	Group relief	1,854	2,504
	Small companies relief	(49)	(296)
	Other tax adjustment	1,349	-
	Current tax charge for period	-	(36,525)
7	TANGIBLE FIXED ASSETS		Programme assets £
	Cost		
	1 September 2003 and 31 August 2004		8,419,546
	Depreciation (restated)		
	1 September 2003		8,402,258
	Prior year adjustment		(147,874)
	Charge for the year		-
	31 August 2004		8,254,384
	Net book value (restated)		
	31 August 2004		165,162
	31 August 2003		165,162

The programme assets represents rights, titles and interests to the programme Bad Girls (Series 3).

On 3 April 2001, the company sold production costs of episodes 1-7 totalling £3,645,576 and simultaneously leased them back for the same amount. In addition, on 3 August 2001, the company sold production costs of episodes 8-16 totalling £4,773,970 and simultaneously leased them back for the same amount. The programmes are held under finance leases.

The net book value of programme assets held under finance leases is £165,162 (2003: £165,162).

# Shed Productions (BG3) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2004

8	DEBTORS	2004 £	2003 £
	Due from group undertakings	696,000	739,677
	Other debtors	100	393
		<u>696,100</u>	<u>740,070</u>
9	CREDITORS: Amounts falling due within one year	2004 £	2003 (restated) £
	Trade creditors	-	29
	Due to group undertakings	708,632	750,000
	Corporation tax	44,362	44,362
	Other taxes and social security	3,926	3,926
	Accruals and deferred income	37,706	33,210
		<u>794,626</u>	<u>831,527</u>
10	SHARE CAPITAL	2004 £	2003 £
	Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	Allotted, issued and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
11	PROFIT AND LOSS ACCOUNT	2004 £	2003 £
	1 September 2003 as previously reported	(1,702)	5,656
	Prior year adjustment	103,512	188,738
	1 September 2003 restated	101,810	194,394
	Loss for the financial year	(10,512)	(92,584)
	31 August 2004	<u>91,298</u>	<u>101,810</u>
12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEBT	2004 £	2003 £
	Loss for the financial year	(10,512)	(7,358)
	Prior period adjustment	-	(85,226)
	Net reduction in shareholders' funds	(10,512)	(92,584)
	Opening shareholders' funds as previously reported	(1,602)	5,756
	Prior year adjustment	-	188,738
	Opening shareholders' funds restated	<u>101,910</u>	<u>194,494</u>
	Closing shareholders' funds	<u>91,398</u>	<u>101,910</u>

# Shed Productions (BG3) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2004

---

### 13 PRIOR PERIOD ADJUSTMENT

The prior period adjustment has arisen due to a change in the calculation of depreciation of programme assets. The effect of this alteration was to reduce the depreciation charge in 2002 by £269,625 and to increase the depreciation charge in 2003 by £121,751. The taxation effect of these adjustments was to increase the corporation tax charge in 2002 by £80,887 and reduce it in 2003 by £36,525.

### 14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 from the requirement to disclose details of transactions with group companies.

Other than transactions with group companies, there were no related party transactions during the year.

### 15 CONTROLLING PARTIES

The parent undertaking is Shed Productions Limited, a company incorporated in England and Wales.

Consolidated accounts have been drawn up for Shed Productions Limited and are available from the following address:

Customs House  
Three Mills Studios  
London E3 3DU

The ultimate controlling parties are the four directors of Shed Productions Limited.

### 16 CONTINGENT LIABILITY

The company has entered into a sale and leaseback transaction on the television programmes, 'Bad Girls series 3'. Amounts are held in deposit accounts as a result of these transactions and comprise money to provide for the discharge of future leasing liabilities. The banks with which these sums are deposited have given guarantees to the lessors in respect of the lease liabilities. The contingent liability would only crystallise upon the failure of the bank holding the deposit. The amounts involved are as follows:

	2004 £	2003 £
Amounts held on deposit	8,739,163	9,325,011
Less: loans outstanding	(8,739,163)	(9,325,011)
	<u>-</u>	<u>-</u>
The maturity of the above amount is as follows:		
Less than one year	615,140	585,848
Two to five years	2,783,896	2,651,330
Over five years	5,340,127	6,087,833
	<u>8,739,163</u>	<u>9,325,011</u>