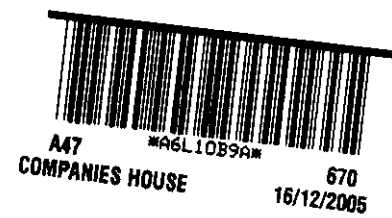


**Windmill TV Productions Limited**

**Financial statements  
Year ended 31 March 2005**

**Company number 4094195**



**Windmill TV Productions Limited**

**Financial statements – year ended 31 March 2005**

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**Windmill TV Productions Limited****Director and company information**

<b>Directors</b>	G J Pugh J H Smith
<b>Secretary</b>	J H Smith
<b>Registered office</b>	19 Park Street Lytham Lancs FY8 5LU
<b>Bankers</b>	Coutts 440 Strand London WC2R 0QS
<b>Auditors</b>	Kevin Guy & Co 603/614 The Cotton Exchange Old Hall Street Liverpool L3 9LQ

**Windmill TV Productions Limited****Directors Report**

The directors present their report and the financial statements of the company for the year ended 31 March 2005.

**Statement of 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;

Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;

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.

**Review of the business**

The principal activity of the company is now the management of an investment portfolio. During the year, the company also developed, produced and exploited television programmes and films. This activity ceased, in all material respects, in November 2004.

The intention is for the company to continue its investment activities in the future whilst seeking further possible production opportunities.

**Results and dividends**

The loss for the year after taxation was £43,959.

No dividends were paid during the year.

**Windmill TV Productions Limited****Directors Report continued****Directors**

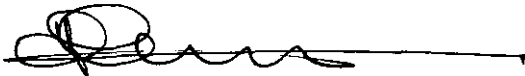
The directors who served during the year, together with their beneficial interests in the shares of the company at the year end were as follows:-

	<b>Ordinary shares of £0.50 each</b>	
	<b>2005</b>	<b>2004</b>
P A Clarke (Resigned 31 August 2004)	-	-
I F Gordon (resigned 31 August 2004)	-	-
R A Pinnington (Resigned 30 April 2005)	-	-
G J Pugh	4,800,001	4,800,001
J H Smith	-	-

**Auditors**

CLB resigned as auditors on 19 July 2005 and Kevin Guy & Co were appointed on the same day. In accordance with section 379A of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually under section 386 of The Act was passed on 1 June 2002. Accordingly, Kevin Guy & Co will be deemed to continue in office as auditors.

**Approved by the board on 12 August 2005  
and signed on its behalf by**



**J H Smith  
Director**

**Windmill TV Productions Limited****Independent Auditors' Report to the Shareholders**

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept 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 the Director and the Auditors**

As described on page 2, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

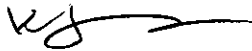
**Basis of Audit Opinion**

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 director 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.

**Windmill TV Productions Limited****Independent Auditors' Report to the Shareholders (continued)****Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**Kevin Guy & Co**  
Chartered Accountants  
Registered Auditors  
Liverpool

**Windmill TV Productions Limited**
**Profit and loss account for the year ended 31 March 2005**

		<b>2 0 0 5</b>		<b>2 0 0 4</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>			<b>3,685,380</b>		<b>2,612,044</b>
Cost of sales			3,630,032		2,572,101
			<hr/>		<hr/>
<b>Gross profit</b>			<b>55,348</b>		<b>39,943</b>
Administration expenses			72,109		229,484
			<hr/>		<hr/>
<b>Operating (loss) on discontinued activity 2</b>			<b>(16,761)</b>		<b>(189,541)</b>
Interest receivable		94,322		101,021	
Income from fixed asset investments		(45,001)		-	
Interest payable	3	(77,146)	(27,825)	-	101,021
		<hr/>	<hr/>	<hr/>	<hr/>
<b>(Loss) on ordinary activities before taxation</b>			<b>(44,586)</b>		<b>(88,520)</b>
Tax on (loss) on ordinary activities	6		627		-
			<hr/>		<hr/>
<b>(Loss) for the year</b>			<b>(43,959)</b>		<b>(88,520)</b>
			<hr/>		<hr/>

**Discontinued operations**

The trading activity of the company ceased in November 2004.

**Total recognised gains and losses**

(Loss) for the year	(43,959)	(88,520)
Movement on investment revaluation reserve	167,841	-
	<hr/>	<hr/>
<b>Total gains and losses recognised since the last annual report</b>	<b>123,882</b>	<b>(88,520)</b>
	<hr/>	<hr/>



**Windmill TV Productions Limited****Balance sheet as at 31 March 2005**

	Note	2005		2004	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	-	-	-	-
Investments	8	8,159,663			-
		<u>8,159,663</u>		<u></u>	-
<b>Current assets</b>					
Investment in programmes	9	-	3,630,032		
Debtors	10	4,838	58,821		
Cash at bank and in hand		95,519	1,135,237		
		<u>100,357</u>	<u>4,824,090</u>		
<b>Creditors</b> (amounts due within one year)	11	<u>3,688,435</u>	<u>376,387</u>		
<b>Net current (liabilities)/ assets</b>			<u>(3,588,078)</u>		<u>4,447,703</u>
<b>Total assets less current liabilities</b>			<u><u>4,571,585</u></u>		<u><u>4,447,703</u></u>
<b>Capital and reserves</b>					
Share capital	12	2,400,001	2,400,001		
Share premium account	13	2,164,800	2,164,800		
Profit and loss account	13	(161,057)	(117,098)		
Revaluation reserve		167,841	-		
<b>Equity shareholders' funds</b>	13	<u><u>4,571,585</u></u>	<u><u>4,447,703</u></u>		

Approved by the board on 12 August 2005  
and signed on its behalf by J H Smith



Director

## Windmill TV Productions Limited

## Cash flow statement for the year ended 31 March 2005

	£	2005	£	£	2004	£
<b>RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>						
Operating (loss)		(16,761)			(189,541)	
Depreciation charges		-			1,707	
Decrease/(increase) in investment in programmes		3,630,032			(3,548,808)	
Decrease/(Increase) in debtors		53,983			(25,282)	
(Decrease)/Increase in creditors		(346,940)			362,934	
		-----			-----	
Net cash inflow/(outflow) from operating activities		3,320,314			(3,398,990)	
		-----			-----	
<b>CASH FLOW STATEMENT</b>						
Net cash inflow/(outflow) from operating activities		3,320,314			(3,398,990)	
<b>Returns on investments and servicing of finance</b>						
Interest paid	(62,171)			-		
Interest received	94,322			115,630		
Income from fixed asset investments	(45,001)			-		
	-----			-----		
	(12,850)			115,630		
<b>Taxation</b>	627			-		
<b>Capital expenditure</b>						
Payments to acquire fixed assets investments	(7,991,822)			-		
	-----			-----		
		(8,004,045)			115,630	
		-----			-----	
<b>(Decrease) in cash</b>		<b>(4,683,731)</b>			<b>(3,283,360)</b>	
		=====			=====	
<b>Reconciliation of net cash flow to movement in net funds</b>						
(Decrease) in cash and movement in net funds for the period		(4,683,731)			(3,283,360)	
Net funds brought forward		1,135,237			4,418,597	
		-----			-----	
Cash at bank and in hand	95,519			1,135,237		
Bank overdraft	(3,644,013)			-		
	-----			-----		
Net (debt)/funds carried forward		<b>(3,548,494)</b>			<b>1,135,237</b>	
		=====			=====	

## Windmill TV Productions Limited

### Notes to the financial statements

#### 1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

##### a) Accounting convention

The financial statements are prepared under the historical cost convention (modified to include the revaluation of fixed asset investments).

##### b) Turnover

Turnover represents amounts received and receivable, excluding value added tax, from the company's discontinued activity, including revenue from the exploitation of programmes and production fees. Amounts receivable are recognised when invoices in respect of such contracts become due.

##### c) Investment in programmes

Investment in programmes is stated at the lower of cost and net realisable value, using the individual programme forecast method.

Under the individual programme forecast method, the cost of each programme is amortised based on a programme's expected profit taking into account management's estimate of the total revenues to be earned over the life of the programme. Such estimates are revised periodically and losses, if any, are provided in full.

##### d) Depreciation

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on the following basis:

Fixtures & fittings	33⅓ % on cost
---------------------	---------------

##### e) Fixed asset investments

Fixed asset investments are stated at market value.

##### f) Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable profits from which the future reversal of underlying timing differences can be deducted.

Deferred taxation is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the resulting gain or loss has been recognised in the financial statements. Neither is deferred taxation recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

**Windmill TV Productions Limited****Notes to the financial statements**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>2 Operating (loss)</b>		
This is stated after charging:-		
Depreciation - owned tangible fixed assets	-	1,707
Auditors remuneration	1,500	2,600
	<u>          </u>	<u>          </u>
<b>3 Interest payable</b>		
Bank overdrafts	77,146	-
	<u>          </u>	<u>          </u>
<b>4 Staff costs</b>		
Wages and salaries	27,179	32,737
Social security costs	814	4,009
	<u>          </u>	<u>          </u>
	<b>27,993</b>	<b>36,746</b>
	<u>          </u>	<u>          </u>
The average number of persons, including executive directors, employed by the company during the year was		
	<b>Number</b>	<b>Number</b>
Administration	4	6
	<u>          </u>	<u>          </u>
<b>5 Directors remuneration</b>		
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Salary and fees	27,179	32,737
	<u>          </u>	<u>          </u>
<b>6 Tax on (loss) on ordinary activities</b>		
Analysis of charge in period:		
Current tax		
Adjustments in respect of prior periods	627	-
	<u>          </u>	<u>          </u>

## Windmill TV Productions Limited

## Notes to the financial statements continued

	2005 £	2004 £
<b>6 (contd)</b>		
<b>Factors affecting tax charge for the period:</b>		
(Loss) on ordinary activities before taxation	<u>(44,586)</u>	<u>(88,520)</u>
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 % (19 %)	(8,471)	(16,819)
Effects of:		
Capital allowances for the year in excess of depreciation		324
Adjustments to tax charge of previous periods	627	-
Unrelieved tax losses arising in the year	7,844	16,495
<b>Current tax charge for the year</b>	<u><u>627</u></u>	<u><u>-</u></u>

**7 Tangible fixed assets**

	Fixtures & fittings £
<b>Cost</b>	
At 1 April 2003	5,582
Disposals	(5,582)
<b>At 31 March 2005</b>	<u>-</u>
<b>Depreciation</b>	
At 1 April 2003	5,582
Disposals	(5,582)
<b>At 31 March 2005</b>	<u>-</u>
<b>Net book value</b>	
At 31 March 2005	<u><u>-</u></u>
<b>Net book value</b>	
At 31 March 2004	<u><u>-</u></u>

**8 Fixed asset investments**

	2005 £	2004 £
Coutts portfolio at cost	7,991,822	-
<b>Market value at 31 March 2005</b>	<u><u>8,159,663</u></u>	<u><u>-</u></u>

In the event that the investments were realised for their market value, a tax charge of £50,352 would arise. This is not likely to crystallise in the near future.

**Windmill TV Productions Limited****Notes to the financial statements continued**

<b>9 Investment in programmes</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Cost		
At 1 April 2004	3,630,032	9,963,832
Incurred during the year	-	6,022,742
Charged to cost of sales	(3,630,032)	(12,356,542)
	<u>          </u>	<u>          </u>
<b>At 31 March 2005</b>	<b>-</b>	<b>3,630,032</b>
	<u>          </u>	<u>          </u>

**10 Debtors**

Amounts due within one year

Other debtors	8,756	45,440
Prepayments and accrued income	47	13,381
	<u>          </u>	<u>          </u>
	<b>8,803</b>	<b>58,821</b>
	<u>          </u>	<u>          </u>

**11 Creditors: Amounts due within one year**

Bank overdrafts (secured)	3,644,013	-
Production advances due	-	339,557
Social security and other taxes	-	1,915
Accruals	44,422	32,700
Other creditors	-	2,215
	<u>          </u>	<u>          </u>
	<b>3,688,435</b>	<b>376,387</b>
	<u>          </u>	<u>          </u>

The bank overdraft is secured by a charge on the company's investment portfolio.

**12 Share capital**

	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
<b>Authorised</b>				
Ordinary shares of 50 pence each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued and fully paid</b>				
Ordinary shares of 50 pence each	<u>4,800,001</u>	<u>4,800,001</u>	<u>2,400,001</u>	<u>2,400,001</u>

**Windmill TV Productions Limited****Notes to the financial statements continued****13 Reconciliation of movements in shareholders' funds**

	Share capital £	Share Premium account £	Profit & loss account £	Revaluation reserve £	Total Shareholders funds £
At 1 April 2003	2,400,001	2,164,800	(28,578)	-	4,536,223
Loss for the year to 31 March 2004	-	-	(88,520)	-	(88,520)
<b>At 31 March 2004</b>	<b>2,400,001</b>	<b>2,164,800</b>	<b>(117,098)</b>	<b>-</b>	<b>4,447,703</b>
Movement for the year	-	-	(43,959)	167,841	123,882
<b>At 31 March 2005</b>	<b>2,400,001</b>	<b>2,164,800</b>	<b>(161,057)</b>	<b>167,841</b>	<b>4,571,585</b>

**14 Related party transactions**

P A Clarke, a director of the company until 31 August 2004 was also a director of Close Brothers Investment Limited which received administration fees for the year of £29,013 (2004: £120,543). J H Smith, a director of the company is also a director of Ashworth Treasure Limited which received secretarial fees for the year of £7,330 (2004: £nil)

**15 Ultimate controlling party**

The ultimate controlling party throughout the year was Graham John Pugh who, together with his spouse, owns 100% of the issued share capital of the company.