

Rockwood Edge Limited

Company Registration No. 4108975

Rockwood Edge Limited

Report and Financial Statements

31 March 2002



Rockwood Edge Limited

OFFICES OF PROFESSIONAL ADVISORS

DIRECTORS

J Chambers
S T Murdoch
J E T Reeve
P C P Sexton

SECRETARY

J M Gain

BANKERS

Close Brothers Limited
10 Crown Place
London EC2A 4FT

Royal Bank of Scotland plc
5-10 Great Tower Street
London EC3P 3HX

SOLICITORS

Osborne Clarke
Hillgate House
26 Old Bailey
London EC4M 7HW

Davenport Lyons
1 Old Burlington Street
London W1S 3NL

AUDITORS

CLB
Aldwych House
81 Aldwych
London
WC2B 4HP

REGISTERED OFFICE

Hill House
Milley Lane
Hare Hatch
Reading
Berkshire
RG10 9TH

Rockwood Edge Limited

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the period since incorporation to 31 March 2002.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £5,761.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on 16 November 2000 under the name of Hawkmoon Limited and changed its name to its current name on 4 December 2000. The principal activity of the company is the production and exploitation of television programmes and feature films.

The company commenced trading on 12 September 2001 when it entered into a co-production agreement to co-produce 'Dick Whittington'. During the period the company also entered into a co-production agreement to co-produce 'Cromwell and Fairfax', since renamed 'To Kill a King'.

CHANGES IN SHARE CAPITAL

During the period, the company raised £1,500,001 by issuing 1 ordinary share of 50 pence at par, and a further 1,500,000 ordinary shares of 50 pence each at a premium of 50 pence each for cash.

DIRECTORS AND THEIR INTERESTS

The directors during the period and their interests in the share capital of the company were as follows:

		31 March 2002
		Ordinary shares of
		50p pence each
		No.
J Chambers	(appointed 1 January 2001)	-
S A Mitchell	(appointed 4 December 2000, resigned 26 November 2001)	-
S T Murdoch	(appointed 4 December 2000)	1,500,001
J E T Reeve	(appointed 4 December 2000)	-
P C P Sexton	(appointed 26 November 2001)	-
C C Ward	(appointed 4 December 2000, resigned 24 September 2001)	-

Chalfen Nominees Limited, who was appointed director on incorporation of the company, and Chalfen Secretaries Limited, who was appointed secretary on incorporation of the company, resigned on 4 December 2000. J M Gain was appointed as company secretary on 4 December 2000.

AUDITORS

CLB were appointed by the directors as auditors of the company after the period end. 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 20 May 2001. Accordingly, CLB will be deemed to continue in office as auditors.

Rockwood Edge Limited

DIRECTORS' REPORT

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

By order of the Board

J M Gain
Secretary

12 September 2002

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROCKWOOD EDGE LIMITED

Period ended 31 March 2002

We have audited the financial statements on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 2 and 3, the company's directors are 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 director's 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion


We conducted our audit in accordance with the 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 affairs of the company as at 31 March 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Aldwych House
81 Aldwych
London
WC2B 4HP


CLB
Chartered Accountants &
Registered Auditors

12 September 2002

Rockwood Edge Limited

PROFIT AND LOSS ACCOUNT

for the period since incorporation to 31 March 2002

	Note	17 months to 31 March 2002 £
TURNOVER	1	618,050
Cost of sales		(613,250)
GROSS PROFIT		4,800
Administrative expenses		(60,103)
OPERATING LOSS	2	(55,303)
Interest receivable		69,137
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,834
Taxation	4	(8,073)
PROFIT FOR THE FINANCIAL PERIOD	9	5,761

There are no recognised gains and losses other than as shown above. Accordingly no statement of total recognised gains or losses is provided.

All profits derive from continuing activities.

The notes on pages 7 – 10 form part of the accounts.


Rockwood Edge Limited

BALANCE SHEET as at 31 March 2002

	Note	31 March 2002 £
CURRENT ASSETS		
Investment in programmes	5	1,327,771
Debtors	6	12,774
Cash at bank and in hand		96,643
		<u>1,437,188</u>
CREDITORS: amounts falling due within one year	7	<u>(15,801)</u>
NET ASSETS:		<u><u>1,421,387</u></u>
CAPITAL AND RESERVES		
Called up share capital	8,9	750,001
Share premium account	9	665,625
Profit and loss account	9	5,761
		<u>1,421,387</u>
Shareholders' funds: Equity		<u><u>1,421,387</u></u>

These financial statements were approved by the Board of Directors on 12 September 2002.

Signed on behalf of the Board of Directors


J E T Reeve
Director
12 September 2002

The notes on page 7 – 10 form part of the accounts.

Rockwood Edge Limited

NOTES TO THE ACCOUNTS as at 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Turnover

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

Investment in programmes

Investment in programmes is stated at the lower of cost and net realisable value. Revenue from programmes does not arise evenly over their useful lives. Accordingly, costs are charged to the profit and loss account on a matching basis with the revenue receivable from each production.

The carrying values of investment in programmes are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Programme development expenditure

Pre-contract programme development expenditure is written off in the period in which it is incurred except where it relates to a clearly defined contract, the outcome of which has been assessed with reasonable certainty as to its success and commercial viability.

In such cases the expenditure is carried forward within investment in programmes to the extent that its recovery can be reasonably regarded as assured and the cost is charged to the profit and loss account over the period of the contract.

Cashflow Exemption

The financial statements do not include a cashflow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

2. OPERATING LOSS

This is stated after charging:

	<i>17 months to 31 March 2002</i>
	£
Auditors remuneration	2,000
	<u><u> </u></u>

3. DIRECTORS' EMOLUMENTS

	<i>17 months to 31 March 2002</i>
	£
Fees	10,375
	<u><u> </u></u>

Rockwood Edge Limited

NOTES TO THE ACCOUNTS as at 31 March 2002

4. TAXATION

*17 months
to 31 March
2002
£*

Based on the profit for the period:
Corporation tax

8,073

Corporation tax is at 20% on bank interest arising prior to trading.

5. INVESTMENT IN PROGRAMMES

*31 March
2002
£*

Cost:

Incurred during the period

1,941,021

At 31 March 2002

1,941,021

Charged to cost of sales:

Charged during the period

(613,250)

At 31 March 2002

(613,250)

Net book amount:

At 31 March 2002

1,327,771

6. DEBTORS

*31 March
2002
£*

Other debtors

2,244

Prepayments and accrued income

10,530

12,774

Rockwood Edge Limited

NOTES TO THE ACCOUNTS as at 31 March 2002

7. CREDITORS: amounts falling due within one year

	<i>31 March 2002 £</i>
Production advances due	1,881
Current corporation tax	8,073
Other creditors	3,641
Accruals and deferred income	2,206
	<u>15,801</u>

8. SHARE CAPITAL

	<i>Authorised 31 March 2002 No.</i>	<i>31 March 2002 £</i>
Ordinary shares of 50 pence each	5,000,000	2,500,000
	<u>5,000,000</u>	<u>2,500,000</u>
	<i>Allotted, called up and fully paid</i>	
	<i>31 March 2002 No.</i>	<i>31 March 2002 £</i>
Ordinary shares of 50 pence each	1,500,001	750,001
	<u>1,500,001</u>	<u>750,001</u>

During the period, 1 ordinary share of 50 pence at par was issued. A further 1,250,000 ordinary shares of 50 pence each were issued at a premium of 50 pence each for cash on 4 December 2000 and a further 250,000 ordinary shares of 50 pence each were issued at a premium of 50 pence each for cash on 20 December 2001 to provide working capital.

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
Profit for the period	-	-	5,761	5,761
Other movements:				
shares issued	750,001	750,000	-	1,500,001
less: issue costs	-	(84,375)	-	(84,375)
At 31 March 2002	<u>750,001</u>	<u>665,625</u>	<u>5,761</u>	<u>1,421,387</u>

Rockwood Edge Limited

NOTES TO THE ACCOUNTS as at 31 March 2002

10. RELATED PARTY TRANSACTIONS

P C P Sexton, a director of the company, is also a director of Close Brothers Investment Limited, which during the period received £84,375 in connection with the establishment of the company and annual administration fees of £43,121. The costs of establishing the company include confirmation of its qualifying status under the EIS, the preparation and issue of relevant documentation and the payment of introductory commission to authorised investment advisers, and other preparatory work and expenses.

J E T Reeve, a director of the company, is also a director of Visionview Limited, which during the period received £10,375 in return for provision of services of J E T Reeve who acted in the capacity of Chief Executive of Rockwood Edge Limited.

11. CONTROLLING PARTY

At the period end, in the directors' opinion, the company's ultimate controlling party is Dr Simon Murdoch, a director of the company, who owns 100% of the issued share capital of the company.

Rockwood Edge Limited

NOTES TO THE ACCOUNTS as at 31 March 2002

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