

**UKTV New Ventures Limited**

**Directors' report and financial  
statements**

**Registered number 4266373**

**For period from incorporation to 31  
December 2001**



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## Directors' report

The directors present their annual report and the audited financial statements for the period from incorporation to 31 December 2001.

### Principal activity

The principal activity of the company is to operate cable, satellite and digital terrestrial TV channels which trade under the umbrella brand "UKTV".

### Results and business review

The company was incorporated on 7 August 2001.

The results for the period ended 31 December 2001 and the financial position of the company at that date are set out on pages 4 and 5 of the financial statements.

The directors do not recommend the payment of a dividend for the period.

### Directors and directors' interests

The directors who held office during the period were as follows:

AR Gavin	(appointed 21 November 2001)
D King	(appointed 21 November 2001)
MW Luiz	(appointed 21 November 2001)
AN Singer	(appointed 21 November 2001; resigned 31 July 2002)
PR Teague	(appointed 21 November 2001; resigned 12 February 2002)
SS Cook	(appointed 21 November 2001)
MP Smallwood	(alternate to SS Cook; resigned 3 May 2002)
M Phillips	(appointed 6 January 2002)
C Burdick	(appointed 4 September 2002)
J Lighting	(alternate to SS Cook; appointed 4 September 2002)

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

By order of the board



**C Burns**  
Secretary

Unit 1  
Genesis Business Park  
Albert Drive  
Woking  
Surrey  
GU21 5RW

14<sup>th</sup> JAN 2003

## 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;
- state whether applicable accounting standards have been followed, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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8 Salisbury Square  
London  
EC4Y 8BB

## **Independent auditors' report to the members of UKTV New Ventures Limited**

We have audited the financial statements on pages 4 to 11.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **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.

### **Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty over the continued funding of the company due to the uncertainty over the ability of one of the ultimate joint venture partners to continue to provide the financial support required by the company. In view of the significance of this uncertainty we consider it should be brought to your attention but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the period from 7 August 2001 (the date of incorporation) to 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*  
**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditors*

15th January 2003

## Profit and loss account

*for the period ended 31 December 2001*

	<i>Note</i>	period ended 31 December 2001 £'000
<b>Turnover</b>	<i>1</i>	484
Cost of sales		(1,427)
		<hr/>
<b>Gross profit</b>		(943)
Distribution costs		(1,034)
Administration expenses		(95)
		<hr/>
<b>Operating loss</b>		(2,072)
Interest payable and similar charges	<i>2</i>	(14)
		<hr/>
<b>Loss on ordinary activities before taxation</b>	<i>3-5</i>	(2,086)
Tax on loss on ordinary activities	<i>6</i>	-
		<hr/>
<b>Loss for the financial year</b>	<i>12</i>	(2,086)
		<hr/> <hr/>

All turnover and operating loss arose from continuing operations.

There are no recognised gains or losses for the current financial period other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on a historical cost basis and that shown in the profit and loss account.

## Balance sheet

at 31 December 2001

	Note	£'000	2001 £'000
<b>Current assets</b>			
Programming Inventory	7	956	
Debtors	8	715	
		<hr/>	
		1,671	
<b>Creditors: amounts falling due within one year</b>	9	(3,742)	
		<hr/>	
<b>Net current liabilities</b>			(2,071)
<b>Creditors: amounts falling due after more than one year</b>	10		(14)
			<hr/>
<b>Net liabilities</b>			(2,085)
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	11		1
Profit and loss account	12		(2,086)
			<hr/>
<b>Equity shareholders' deficit</b>	13		(2,085)
			<hr/>

These financial statements were approved by the board of directors on 14 JAN 2003 and were signed on its behalf by:

  
 M W Luiz  
 Director

## Cash flow statement

*for the period ended 31 December 2001*

	<i>Note</i>	2001 £'000
Net cash outflow from operating activities	<i>14</i>	(1)
<b>Financing</b>		
Issue of share capital		1
Net cash inflow from financing		1
Increase/(decrease) in cash in the period		-



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 18 'Accounting Policies' in these financial statements. The impact of adoption on the company's financial statements was not material.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

#### ***Going concern***

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate. The company has net liabilities and is dependent for its working capital on the support of one of its ultimate joint venture partners, Telewest Communications plc.

Under the terms of the agreement between the two joint venture partners Telewest Communications plc is contractually committed to provide further funding to UKTV New Ventures Ltd up to an agreed limit and to not demand repayment of funding already made available. The directors of UKTV New Ventures Ltd have prepared projected cash flow information for the period ending 12 months from the date of the approval of these financial statements which show that, on the basis that Telewest Communications plc continue to trade and the required funding is forthcoming, the company will be able to continue to trade and to meet its liabilities as they fall due within this funding limit.

However, Telewest Communications plc has recently issued a statement about its financial position. As stated in its Interim report, dated 1 August 2002, the Telewest group's debt obligations begin to mature in late 2003 and its directors are currently considering their options to allow the Group to meet these obligations and to stabilise its medium to long term financial position. At the date of approval of these financial statements Telewest Communications plc continues to trade.

Based on this information the directors have no reason to believe that the company will be unable to provide necessary funding and the company has continued to receive funding as required. However, although there can be no certainty that this position will continue the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this going concern basis of preparation being inappropriate.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Programming inventory***

Programming inventory is stated at the lower of cost and net realisable value. Programming inventory is the amount payable under license agreements on agreed purchases and is written off on a straight line basis over the number of transmissions.

## Notes (continued)

### 1. Accounting policies (continued)

#### Turnover

Turnover represents net advertising and subscription revenue (excluding value added tax) from cable and satellite operators and fees for related services, entirely within the UK.

#### Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### 2 Interest payable and similar charges

	2001 £'000
Interest on amounts owed to ultimate joint venture parent	14
	<hr/>

### 3 Loss on ordinary activities before taxation

	2001 £'000
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*Loss on ordinary activities before taxation is stated after charging:*

Auditors' remuneration:	
Audit	10
Amortisation of programming inventory	728
Operating lease rentals in respect of plant and machinery	36
	<hr/>

Operating lease rentals are incurred by other group companies and subsequently recharged to UKTV New Ventures Limited.

### 4 Staff numbers and costs

The company did not employ any staff (excluding directors) during the period. Staff costs are incurred by UK Channel Management Limited, a fellow joint venture undertaking and recharged to other group companies on a proportion basis.

### 5 Remuneration of directors

The directors did not receive any remuneration from the company during the period.

## Notes (continued)

### 6 Taxation

The company has no corporation tax liability for the period.

As at 31 December 2001 the company estimates that it has, subject to Inland Revenue agreements, losses of £2 million available to relieve taxation on future profits.

### 7 Programming inventory

	2001 £'000
Licence fees	956

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

### 8 Debtors

	2001 £'000
<b>Amounts falling due within one year</b>	
Amounts owed by ultimate joint venture parent and fellow joint venture undertakings	284
Prepayments and accrued income	431
	<hr/> 715 <hr/>

### 9 Creditors: amounts falling due within one year

	2001 £'000
Trade creditors	34
Amounts owed to ultimate joint venture parent and fellow joint venture undertakings	2,841
Accruals and deferred income	867
	<hr/> 3,742 <hr/>

### 10 Creditors: amounts falling due after more than one year

	2001 £'000
Accrued interest on amounts owed to fellow joint venture undertaking	14

## Notes (continued)

### 11 Called up share capital

	2001 £
<i>Authorised, allotted and fully paid</i>	
500 'A' ordinary shares of £1 each	500
500 'B' ordinary shares of £1 each	500
	<hr/>
	1,000
	<hr/>

### 12 Reserves

	Profit and loss account £'000
At beginning of period	-
Loss for the period	(2,086)
	<hr/>
At end of period	(2,086)
	<hr/>

### 13 Reconciliation of movement in equity shareholders' deficit

	2001 £'000
Loss for the financial period	(2,086)
Issue of ordinary share capital	1
	<hr/>
Closing equity shareholders' deficit	(2,085)
	<hr/>

### 14 Reconciliation of operating loss to net cash outflow from operating activities

	2001 £'000
Operating loss	(2,086)
Increase in programme inventory	(956)
Increase in debtors	(715)
Increase in creditors	3,756
	<hr/>
Net cash flow from operating activities	(1)
	<hr/>

**Notes (continued)**

**15 Related party transactions**

	2001 £'000
Cost of sales purchases from BBC Worldwide Limited	(727)
Administration expense purchases from Telewest Communications plc	(72)
Interest accrued on intercompany balance with UK Channel Management Limited	(14)
	<hr/> <hr/>

Balances outstanding at the year end in respect of related parties are as follows:

	2001 £'000
Amounts owed to BBC Worldwide Limited	(77)
Amounts owed to Telewest Communications plc	(2,724)
Amounts owed by Telewest Communications plc	230
	<hr/> <hr/>

**16 Ultimate parent company**

The company is a joint venture owned 50% by BBC Worldwide Limited (a wholly owned subsidiary of the BBC) and 50% by Flextech Broadband Limited (formerly Cheltrading 283 Limited, a wholly owned subsidiary of Telewest Communications plc).

The accounts of both of these companies are available to the public and may be obtained from the following addresses:

Telewest Communications plc  
 160 Great Portland Street  
 London  
 W1W 5QA

The Secretary  
 BBC Broadcasting House  
 Portland Place  
 London  
 W1A 1AA