

**CONNECT TELEVISION LIMITED**

**Company No: 4268201**

**FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED  
30TH JUNE 2004**



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**CONNECT TELEVISION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

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**CONNECT TELEVISION LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTOR**

D J Williams

**SECRETARY**

D J Bestwick

**REGISTERED OFFICE**

28-30 Hoxton Square  
London  
N1 6NN

**BANKERS**

HSBC Bank Plc  
70 Pall Mall  
London  
SW1Y 5EZ

**AUDITORS**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

## CONNECT TELEVISION LIMITED

### REPORT OF THE DIRECTOR

The director has pleasure in submitting the annual report together with the audited financial statements for the 15 month period ended 30th June 2004.

#### Principal Activity

The principal activity of the company during the period was producing satellite delivered corporate television channels for retailers and other business customers.

#### Results and Dividends

The results for the 15 months ended 30th June 2004 are shown on page 3. No equity dividend was paid in the period ended 30th June 2004 (2003 - £Nil). No final dividend is proposed at the period end (2003: £nil). The profit for the period transferred to reserves is £7,326 (2003 - loss £7,054).

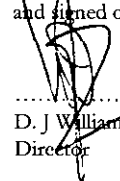
#### Directors' Interests

The Director had no interest, beneficial or non-beneficial, in the share capital of the company or a material interest during the year in any significant contract with the company or any subsidiary.

#### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with section 385 of the Companies Act 1985, it is proposed that they be re-appointed as auditors to the company for the ensuing year.

Approved by the sole Director  
and signed on behalf of the Board



.....  
D. J. Williams  
Director

28-30 Hoxton Square  
London N1 6NN

Date: 1st October 2004

## CONNECT TELEVISION LIMITED


### STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing these 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; and
- prepare the financial statements on a 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 the Company's system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed by the Sole Director



D.J. Williams  
Director

28-30 Hoxton Square  
London N1 6NN

## CONNECT TELEVISION LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONNECT TELEVISION LIMITED

We have audited the financial statements of Connect Television Limited for the 15 month period ended 30th June 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These have been prepared under the historical cost convention and the accounting policies set out therein.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective Responsibilities of Director's and Auditors

As described in the Statement of Directors' Responsibilities, the company's director is 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 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 the 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

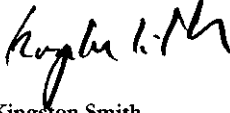
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 30th June 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House  
60 Goswell Road  
London EC1M 7AD

  
**Kingston Smith**  
Chartered Accountants  
and Registered Auditors

Date: 4<sup>th</sup> October 2004

# CONNECT TELEVISION LIMITED

## PROFIT AND LOSS ACCOUNT 15 months ending 30 June 2004

	Notes	15 months ended 30 June 2004 £	Year ended 31 March 2003 £
Turnover	2	363,012	397,753
Cost of sales		<u>(353,535)</u>	<u>(397,470)</u>
Gross Profit		9,477	283
Administrative expenses		<u>(1,291)</u>	<u>(7,337)</u>
Operating Profit/(Loss)	3	8,186	(7,054)
Interest payable and similar charges	6	<u>(860)</u>	<u>-</u>
Profit/(Loss) on Ordinary Activities before Taxation		7,326	(7,054)
Taxation		<u>-</u>	<u>-</u>
Profit/(Loss) on Ordinary Activities after Taxation		7,326	(7,054)
Dividends		<u>-</u>	<u>-</u>
Retained Profit/(Loss) transferred to/(from) Reserves		<u>7,326</u>	<u>(7,054)</u>

There are no recognised gains or losses other than the profit for the financial year.

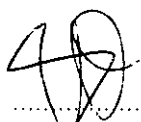
The notes on pages 7 to 9 form part of the financial statements.

# CONNECT TELEVISION LIMITED

## BALANCE SHEET at 30 June 2004

	Note	30 June 2004 £	31 March 2003 £
<b>Current Assets</b>			
Debtors	7	55,486	57,199
Cash at bank and in hand		<u>147,591</u>	<u>2,227</u>
		<u>203,077</u>	<u>59,426</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(202,825)</u>	<u>(66,500)</u>
<b>Net assets/(liabilities)</b>		<u><u>252</u></u>	<u><u>(7,074)</u></u>
 <b>Capital and Reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>252</u>	<u>(7,074)</u>
		<u><u>252</u></u>	<u><u>(7,074)</u></u>

Approved by the Sole Director on *1<sup>st</sup> October 2004*

  
 .....  
**D.J. Williams**  
 Director



## CONNECT TELEVISION LIMITED

### NOTES TO THE ACCOUNTS 15 months ending 30 June 2004

#### 1 Accounting Policies

##### Basis of Preparation

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

The company is a wholly owned subsidiary of Avanti Screenmedia Group plc whose financial statements are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No.1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard No.8 from disclosing related party transactions (but not balances) with entities that are part of the Avanti Screenmedia group plc Group.

##### Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### 2 Turnover

Turnover represents net invoiced sales of services provided and goods sold, net of value added tax.

#### 3 Operating profit/(loss)

		15 months ended 30 June £	2003 £
<b>Operating profit/(loss) is arrived at after charging:</b>			
Auditors' remuneration	- audit	1,000	500
	- non audit services	-	766

#### 4 Employees

There were no employees of the company during the period (2003 - Nil).

#### 5 Director's Emoluments

No remuneration was paid to the Director during the period.

# CONNECT TELEVISION LIMITED

## NOTES TO THE ACCOUNTS 15 months ending 30 June 2004

### 6 Interest Payable and Similar Charges

	15 months ended 30 June 2004 £	Year ended 31st March 2003 £
Interest on bank overdraft and loans	860	-

### 7 Tax on profit on Ordinary Activities

	15 months ended 30 June 2004 £	Year ended 31st March 2003 £
Corporation Tax Charge	-	-
Tax charge for the year	-	-

### 7 Debtors

	30 June 2004 £	31 March 2003 £
Trade debtors	35,986	57,187
Amounts owed by fellow subsidiaries	19,500	-
Other debtors	-	12
	55,486	57,199

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

	30 June 2004 £	31 March 2003 £
Trade Creditors	1,175	11,595
Amounts owed to group undertakings	195,652	54,905
Social security and other taxes	5,978	-
Other creditors	20	-
	202,825	66,500

An unlimited gross guarantee has been given by Connect Television Limited and its fellow subsidiaries and holding company, to its bankers to secure all liabilities of each other. The bank also has a fixed and floating charge over the Company's assets.

# CONNECT TELEVISION LIMITED

## NOTES TO THE ACCOUNTS 15 months ending 30 June 2004

### 9 Share Capital

	30 June 2004 £	31 March 2003 £
Authorised: 50,000 Ordinary shares of £0.01 each	<u>500</u>	<u>500</u>
Allotted, called up and unpaid: 1 Ordinary shares of £0.01 each	<u>0</u>	<u>0</u>

### 10 Shareholders' Funds

2004	Share Capital £	Profit and Loss £	Total £
At 31 March 2003	-	(7,074)	-
Profit for period	-	<u>7,326</u>	-
At 30 June 2004	<u>-</u>	<u>252</u>	<u>(7,074)</u>
2003	Share Capital £	Profit and Loss £	Total £
At 31 March 2002	-	(20)	-
Loss for year	-	<u>(7,054)</u>	-
At 31 March 2003	<u>-</u>	<u>(7,074)</u>	-

### 11 Ultimate Parent Undertaking

The ultimate parent undertaking is Avanti Screenmedia Group plc, a company incorporated and registered in England and Wales. The consolidated financial statements of Avanti Screenmedia Group plc for the period ended 30th June 2004 can be obtained from the registered office at 28-30 Hoxton Square, London N1 6NN.