

6852654

**World Television (Switzerland) Limited
(formerly Virtue Broadcasting
(Switzerland) Limited)**

Report and Financial Statements

Period Ended

31 December 2004



BDO Stoy Hayward
Chartered Accountants

World Television (Switzerland) Limited

Annual report and financial statements for the period ended 31 December 2004

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

Directors

M Neville
S Smith

Secretary

S Smith

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Registered Office

Carmelite, 50 Victoria Embankment, London, EC4Y 0DX.

Company number

04832654

World Television (Switzerland) Limited

Report of the directors for the period ended 31 December 2004

The directors present their report and the audited financial statements of the company for the period from 15 July 2003 to 31 December 2004.

Incorporation

The company was incorporated on 15 July 2003 as Virtue Broadcasting (Switzerland) Limited and changed its name to World Television (Switzerland) Limited. The company is registered in England.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the period.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the provision of online communications solutions for large corporations in the Swiss market place. This principal activity is envisaged to continue in the future.

Directors

The directors of the company during the period were:

Huntsmoor Limited	(appointed 15 July 2003, resigned 16 July 2003)
Huntsmoor Nominees Limited	(appointed 15 July 2003, resigned 16 July 2003)
M Neville	(appointed 16 July 2003)
J Ormondroyd	(appointed 16 July 2003, resigned 24 February 2005)

On 24 February 2005, J King and S Smith were appointed as directors. J King resigned on 14 July 2005.

No director has any interest in the ordinary shares of the company.

M Neville is also a director of the ultimate parent company, World Television Group PLC, and his interest in the share capital of that company is shown in its financial statements.

Going concern

After making due and careful enquiry, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, given the ongoing support of its parent, World Television Group PLC. For this reason, the directors continue to adopt a 'Going Concern' basis in preparing the financial statements.

World Television (Switzerland) Limited

Report of the directors for the period ended 31 December 2004 (Continued)

Directors' responsibilities

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 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; and
- 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.

Auditors

PricewaterhouseCoopers LLP resigned as auditors during the year and BDO Stoy Hayward LLP were appointed as auditors of the company by the directors. BDO Stoy Hayward LLP have indicated their willingness to continue in office, and a resolution to re-appoint them as auditors will be proposed at the annual general meeting.

On behalf of the Board

S Smith



Director

Date

2/10/05

World Television (Switzerland) Limited

Report of the independent auditors

To the shareholders of World Television (Switzerland) Limited

We have audited the financial statements of World Television (Switzerland) Limited for the period ended 31 December 2004 on pages 5 to 14 which have been prepared under the accounting policies set out on pages 8 and 9.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

World Television (Switzerland) Limited

Report of the independent auditors (*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 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date 21 OCT 2005

World Television (Switzerland) Limited

Profit and loss account for the period ended 31 December 2004

	Note	Period ended 31 December 2004 £'000
Turnover		858
Cost of sales		(104)
Gross profit		754
Operating expenses before exceptional items		(908)
Exceptional items	4	(24)
Total net operating expenses		(932)
Operating loss	2	(178)
Non operating exceptional items	4	(34)
Loss on ordinary activities before interest		(212)
Interest payable and similar charges	5	(27)
Loss on ordinary activities before taxation		(239)
Taxation on loss on ordinary activities	6	-
Loss for the financial period	12	(239)

All amounts relate to continuing activities.

The notes on pages 8 to 14 form part of these financial statements.

World Television (Switzerland) Limited

Statement of total recognised gains and losses for the period ended 31 December 2004

	Period ended 31 December 2004 £'000
Loss for the financial period	(239)
Exchange translation differences	(9)
	<hr/>
Total recognised gains and losses for the period	(248)
	<hr/>

The notes on pages 8 to 14 form part of these financial statements.

World Television (Switzerland) Limited

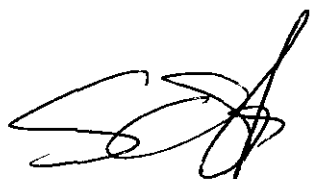
Balance sheet at 31 December 2004

	Note	£'000	£'000
Fixed assets			
Tangible assets	7		46
Current assets			
Debtors	8	717	
Cash at bank and in hand		34	
		<hr/>	
		751	
Creditors: amounts falling due within one year	9	580	
		<hr/>	
Net current assets			171
			<hr/>
Total assets less current liabilities			217
Creditors: amounts falling due after more than one year	10		464
			<hr/>
Net liabilities			(247)
			<hr/>
Capital and reserves			
Called up share capital	11		1
Profit and loss account	12		(248)
			<hr/>
Total equity shareholders' deficit	13		(247)
			<hr/>

The financial statements were approved by the Board on

21/10/05

S Smith
Director



The notes on pages 8 to 14 form part of these financial statements.

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Going concern basis

The company is supported by its parent company, World Television Group PLC. The directors consider that World Television Group PLC has sufficient funds to continue funding the company's business. On this basis the directors believe the going concern basis is appropriate, as they believe that World Television Group PLC will make sufficient funds available to the company.

In the event that the funds are not forthcoming from World Television Group PLC, the company's forecast indicates that the existing facilities would not support the needs of the business for a full twelve month period from the date of these financial statements. Hence, if World Television Group PLC did not provide sufficient funds the going concern basis would not be appropriate and adjustments would be required to reflect the recoverable value of assets and to provide for any further liabilities that might arise.

Whilst the directors are aware that funds are not committed to the company from World Television Group PLC the directors' believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Turnover

The company provides online communications solutions for large corporations in the Swiss market place. Services provided principally relate to webcasting and turnover is recognised when the webcasting services are performed, which is compliant with Financial Reporting Standard 5 Application Note G. Turnover excludes VAT.

Tangible fixed assets and depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and the estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. These lives are:

Computer and networking equipment	-	2 - 3 years
Production equipment	-	3 - 4 years
Fixtures and fittings	-	3 - 4 years

Deferred Taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the deferred tax assets being recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax balances are not discounted.

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (*Continued*)

1 Accounting policies (*Continued*)

Foreign exchange differences

Transactions in overseas exchange currencies are translated at the exchange rate ruling at the date on the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of World Television Group PLC and is included in the consolidated financial statements of World Television Group PLC, which 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 1.

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the World Television Group PLC group or investees of the World Television Group PLC group. There were no other related party transactions.

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (*Continued*)

2 Operating loss

	Period ended 31 December 2004 £'000
This is arrived at after charging:	
Deprecation of tangible assets	68
Auditor's remuneration - audit services	8
Hire of other assets – operating leases	77
	<hr/>

3 Employees

	Period ended 31 December 2004 £'000
Staff costs consist of:	
Wages and salaries	1,056
Social security costs	70
Pension costs	45
Other staff costs	23
	<hr/>
	1,194
	<hr/>

The average number of employees and officers (including executive directors) employed by the company is set out below:

	Number
Sales	2
Operations	5
General, finance and administration	8
	<hr/>
	15
	<hr/>

The directors of the company are paid for services to the group by the company's ultimate parent undertaking, World Television Group PLC. There were no emoluments paid during the period by World Television (Switzerland) Limited.

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (*Continued*)

4 Exceptional Items

	Period ended 31 December 2004 £'000
Reorganisation expenses ^[1]	24
Non operating exceptional items: Merger expenses ^[2]	34
Total exceptional items	58

^[1] The reorganisation expenses relate to a fundamental restructuring of continuing operations which arose in respect of the merger with World Television Group PLC (now Virtue Broadcasting Limited) in August 2004. These consist of redundancy expenses of £24,000.

^[2] The merger expenses relate to bonuses paid to directors of £34,000.

5 Interest payable and similar charges

	Period ended 31 December 2004 £'000
Interest payable	27

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

6 Taxation

There was no tax charge in the current period.

	Period ended 31 December 2004 £'000
Loss on ordinary activities before taxation	(239)
Loss on ordinary activities multiplied by standard rate of corporate tax in the UK of 30%	(72)
Effects of:	
Expenses not deductible for tax purposes	3
Depreciation in excess of capital allowances for the period	7
Deferred tax asset not recognised	62
Current tax charge	-

A deferred tax asset of £62,000 has not been recognised on the grounds that it is contingent upon improvement in trading performance and, at present, there is insufficient evidence of recoverability.

7 Tangible assets

	Computer and networking equipment £'000	Office equipment £'000	Total £'000
<i>Cost</i>			
Additions and at 31 December 2004	111	3	114
<i>Accumulated depreciation</i>			
Charge for the period and at 31 December 2004	67	1	68
<i>Net book value</i>			
At 31 December 2004	44	2	46

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

8 Debtors	£'000
Trade debtors	14
Amounts owed by group undertakings	680
Other debtors	15
Prepayments and accrued income	8
	<hr/>
	717
	<hr/>

9 Creditors: amounts falling due within one year	£'000
Trade creditors	32
Amounts due to group undertakings	427
Taxation and social security	52
Other creditors	12
Accruals and deferred income	57
	<hr/>
	580
	<hr/>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due after more than one year	£'000
Amounts owed to parent undertakings	464
	<hr/>

Amounts owed to the parent undertaking, World Television Group PLC, are unsecured and interest is charged at a floating rate.

11 Share capital

	Authorised Number	£'000
Ordinary shares of £1 each	1,000	1
	<hr/>	<hr/>
	Allotted and fully paid Number	£'000
Ordinary shares of £1 each	1,000	1
	<hr/>	<hr/>

On 15 July 2003, 1,000 £1 shares were issued at par.

World Television (Switzerland) Limited

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

12 Reserves

	Profit and loss account £'000
Loss for the period	(239)
Exchange translation differences	(9)
	<hr/>
At 31 December 2004	(248)
	<hr/>

13 Reconciliation of movements in shareholders' deficit

	£'000
Loss for the period	(239)
Exchange translation differences	(9)
Issue of share capital	1
	<hr/>
Closing shareholders' deficit	(247)
	<hr/>

14 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:

	Land and buildings £'000
In two to five years	52
	<hr/>

15 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is World Television Group PLC. Copies of World Television Group PLC consolidated financial statements can be obtained from the Company's registered address.