

**CBS Overseas Inc**

**Directors' report and financial statements**

31 December 1998

Registered number FC16260



## **Financial statements**

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## **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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## **Auditors' report to the members of CBS Overseas Inc**

We have audited the financial statements on pages 3 to 10.

### *Respective responsibilities of directors and auditors*

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of 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.

### *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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to overseas companies.

**KPMG**  
Chartered Accountants  
Registered Auditors

25 October 1999

## Profit and loss account

for the year ended 31 December 1998

	Note	1998 £	1997 £
<b>Turnover</b>		<b>779,244</b>	757,964
Cost of sales		<b>(1,121,916)</b>	(1,303,318)
<b>Gross loss</b>		<b>(342,672)</b>	(545,354)
Administrative expenses		<b>(24,014)</b>	(56,396)
Other operating income and expenses	2	<b>459,371</b>	659,558
<b>Operating profit</b>		<b>92,685</b>	57,808
Other interest receivable and similar income	3	<b>14,712</b>	98,023
Other interest payable and similar charges	4	<b>(7,188)</b>	-
<b>Profit on ordinary activities before taxation</b>	5	<b>100,209</b>	155,831
Tax on profit on ordinary activities	6	<b>(42,183)</b>	(52,516)
<b>Retained profit for the financial year</b>		<b>58,026</b>	103,315
Retained profit brought forward		<b>418,829</b>	315,514
<b>Retained profit carried forward</b>		<b>476,855</b>	418,829

There were no discontinued operations in either period.

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for either year as stated above and their historical cost equivalents.

## Balance sheet

at 31 December 1998

	Note	1998	1997
		£	£
<b>Fixed assets</b>			
Tangible assets	7	562	5,350
<b>Current assets</b>			
Debtors	8	389,372	248,664
Cash at bank and in hand		169,190	419,021
		<u>558,562</u>	<u>667,685</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(81,609)</u>	<u>(253,546)</u>
<b>Net current assets</b>		<u>476,953</u>	<u>414,139</u>
<b>Total assets less current liabilities and net assets</b>		<u><u>477,515</u></u>	<u><u>419,489</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	660	660
Profit and loss account		<u>476,855</u>	<u>418,829</u>
<b>Shareholders' funds - equity</b>	12	<u><u>477,515</u></u>	<u><u>419,489</u></u>

These financial statements were approved by the board of directors on **25<sup>th</sup> October** 1999 and were signed on its behalf by:

*M. Cole*

**M Cole**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

CBS Overseas Inc is incorporated in the state of New York, USA. The company's principal activity is the hire of satellite and other news-related transmission equipment in the UK and worldwide on behalf of other group companies. The company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

#### *Cash flow statement*

The company is exempt from the requirement to publish a cash flow statement on the grounds that it qualifies as a small company under the terms of Section 247 of the Companies Act 1985.

#### *Tangible fixed assets*

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal useful lives used for this purpose are:

Transmission equipment	-	5 years
Software	-	5 years

#### *Foreign currencies*

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

#### *Operating leases*

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### *Taxation*

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

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Notes (continued)**

**1 Accounting policies (continued)**

**Turnover**

Turnover, which excludes value added tax, represents the invoiced value of services supplied.

**2 Other operating income and expenses**

	1998 £	1997 £
ENEX participation fees	459,371	659,558
	<u>459,371</u>	<u>659,558</u>

CBS Inc. funds the payment of CBS Overseas Inc.'s participant fees in respect of the ENEX agreement. This has been included in other income as a contribution by CBS Inc.

**3 Interest receivable**

	1998 £	1997 £
Bank interest receivable	14,712	13,844
Foreign exchange gain	-	84,179
	<u>14,712</u>	<u>98,023</u>
	<u>14,712</u>	<u>98,023</u>

**4 Interest payable**

	1998 £	1997 £
Bank charges	6,452	-
Foreign exchange loss	736	-
	<u>7,188</u>	<u>-</u>
	<u>7,188</u>	<u>-</u>



## Notes (continued)

### 5 Profit on ordinary activities before taxation

	1998	1997
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Operating lease costs - transmission facilities	1,021,081	626,345
Depreciation of tangible fixed assets	4,788	5,017
Auditors' remuneration - audit	4,500	7,000
- tax	3,750	5,000
	<u>          </u>	<u>          </u>

### 6 Tax on profit on ordinary activities

	1998	1997
	£	£
UK corporation tax at 31% (1997: 31.5%) on the profit for the year on ordinary activities:		
Current	29,599	48,115
Adjustment in respect of prior years	12,584	4,401
	<u>          </u>	<u>          </u>
	<u>42,183</u>	<u>52,516</u>

### 7 Tangible fixed assets

	Software	Transmission equipment	Total
	£	£	£
<i>Cost:</i>			
At beginning and end of year	25,082	150,730	175,812
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Depreciation</i>			
At beginning of year	19,732	150,730	170,462
Charge for the year	4,788	-	4,788
	<u>          </u>	<u>          </u>	<u>          </u>
	24,520	150,730	175,250
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Net book value</i>			
At 31 December 1998	562	-	562
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1997	5,350	-	5,350
	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Debtors

	1998 £	1997 £
Trade debtors	42,565	45,801
Amounts owed by fellow subsidiary undertakings	334,497	170,926
Other debtors	1,791	1,000
Prepayments	10,519	30,937
	<hr/>	<hr/>
	389,372	248,664
	<hr/> <hr/>	<hr/> <hr/>

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

	1998 £	1997 £
Trade creditors	10,510	100,912
Corporation tax	29,599	48,115
Other creditors including taxation and social security	-	15,943
Accruals	41,500	88,576
	<hr/>	<hr/>
	81,609	253,546
	<hr/> <hr/>	<hr/> <hr/>

### 10 Provisions for liabilities and charges

No provision for deferred taxation has been made in the financial statements. The unprovided deferred tax asset is as follows:

	1998 £	1997 £
Excess of depreciation over capital allowances	7,558	8,667
Short term timing differences	1,507	1,902
	<hr/>	<hr/>
	9,065	10,569
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 11 Called up share capital

	1998	1997
<i>Authorised</i>		
2,000 Ordinary shares of \$10 each	\$20,000	\$20,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up, issued and fully paid</i>		
100 Ordinary shares of \$10 each	\$1,000	\$1,000
	<u>          </u>	<u>          </u>
At historic exchange rate of \$1.515: £1	£660	£660
	<u>          </u>	<u>          </u>

### 12 Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds	419,489	316,174
Profit for the financial year	58,026	103,315
	<u>          </u>	<u>          </u>
Closing shareholders' funds	477,515	419,489
	<u>          </u>	<u>          </u>

### 13 Related party transactions

As the company is a wholly owned subsidiary of CBS Corporation, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of CBS Corporation, within which the company is included, can be obtained from the address given in note 15. There were no other related party transactions.

**Notes** *(continued)*

**14 Financial commitments**

At 31 December 1998, the company had annual commitments under operating leases as follows:

	1997 £	1996 £
Expiring between two and five years (transmission facilities)	892,171	368,978
	<u>892,171</u>	<u>368,978</u>

**15 Ultimate parent company**

During the year ended 31 December 1998, the company's ultimate parent company was CBS Corporation (formerly Westinghouse Electric Corporation), a company incorporated in the United States of America. Copies of CBS Corporation's financial statements for the years ended 31 December 1998 and 31 December 1997 may be obtained from 11 Stanwix Street, Pittsburgh, Pennsylvania, USA, Pa 15222-1384.