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COMPANY

NUMBER: 3426787

**Oxford Broadcasting Limited trading as
Six TV The Oxford Channel**

Report and Financial Statements

Year Ended

30 September 2004



BDO Stoy Hayward
Chartered Accountants

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Annual report and financial statements for the year ended 30 September 2004

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Director

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Director

B R Chester

Secretary and registered office

T Eustace, 20 Marcham Road, Abingdon, Oxfordshire OX14 1AA

Company number

3426787

Auditors

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire RG1 3EX

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Report of the director for the year ended 30 September 2004

The director presents his report together with the audited financial statements for the year ended 30 September 2004.

Results and dividends

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

The director does not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company was that of the operation of a local television station.

On 3 November 2003, Milestone Group PLC, the company's ultimate parent company acquired the remaining 9.26% of the company's ordinary share capital.

The director is satisfied with the company's performance during the year and anticipates improved results in the forthcoming year.

There have been no events since the balance sheet date, which materially effect the position of the company.

Directors

The directors of the company and their beneficial interests in the ordinary share capital of the company during the year were:

	Ordinary shares of 5p each	
	30 September 2004	30 September 2003
A T Craig (resigned 11 November 2003)	-	-
B R Chester (appointed 11 November 2003)	-	-
J Blackwell (resigned 11 November 2003)	-	-
R S Forsyth (resigned 11 November 2003)	-	49,179
N P Taylor (resigned 30 June 2004)	-	-
J M Wootton (resigned 11 November 2003)	-	-

The beneficial interest of B R Chester in the share capital of the ultimate parent company is shown in the financial statements of that company.

Director's responsibilities

Company law requires the director 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 year. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Report of the director for the year ended 30 September 2004 (*Continued*)

Director's responsibilities (*continued*)

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



T Eustace
Secretary

Date: 22/2/05

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Report of the independent auditors

To the shareholders of Oxford Broadcasting Limited trading as Six TV The Oxford Channel

We have audited the financial statements of Oxford Broadcasting Limited trading as Six TV The Oxford Channel for the year ended 30 September 2004 on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of director and auditors

The director's 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 Director's 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 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 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.

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 director 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.

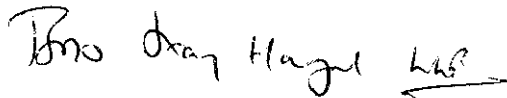
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

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 30 September 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Reading

Date: 22 February 2005

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Profit and loss account for the year ended 30 September 2004

	Note	2004 £	2003 £
Turnover	2	252,570	272,310
Cost of sales		137,577	106,634
		<hr/>	<hr/>
Gross profit		114,993	165,676
Administrative expenses	3,4	645,754	882,476
		<hr/>	<hr/>
		(530,761)	(716,800)
Other operating income	5	67,919	86,493
		<hr/>	<hr/>
Operating loss	6	(462,842)	(630,307)
Interest payable and similar charges	7	(6,059)	(8,894)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation and accumulated for the year	8,15	(468,901)	(639,201)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Balance sheet at 30 September 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	9		15,218		15,018
Current assets					
Debtors	10	162,550		127,735	
Cash at bank and in hand		12		357	
		<u>162,562</u>		<u>128,092</u>	
Creditors: amounts falling due within one year	11	<u>455,160</u>		<u>220,371</u>	
Net current liabilities			<u>(292,598)</u>		<u>(92,279)</u>
Total assets less current liabilities			<u>(277,380)</u>		<u>(77,261)</u>
Creditors: amounts falling due after more than one year	12		<u>615,313</u>		<u>346,531</u>
			<u>(892,693)</u>		<u>(423,792)</u>
Capital and reserves					
Called up share capital	13		1,343,298		1,343,298
Share premium account	14		1,174,599		1,174,599
Profit and loss account	14		<u>(3,410,590)</u>		<u>(2,941,689)</u>
Equity shareholders' deficit	15		<u>(892,693)</u>		<u>(423,792)</u>

The financial statements were approved by the Board on 22 February 2005

B R Chester

B R Chester
Director

The notes on pages 7 to 13 form part of these financial statements

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Notes forming part of the financial statements for the year ended 30 September 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

These financial statements have been prepared on a going concern basis as it is the director's opinion that the company will have sufficient resources to meet its liabilities as these fall due for the foreseeable future. The company's ultimate parent company, Milestone Group PLC has given an undertaking that it will continue to support the company to the extent necessary to enable liabilities to be met as they fall due.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold buildings	- straight line - over the period of the Independent Television Commission licence
Production, office and computer equipment	- straight line - over the period of the Independent Television Commission licence

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

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.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel**Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)****2 Turnover**

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries	283,215	383,438
Social security costs	35,080	32,574
	<u>318,295</u>	<u>416,012</u>

The average number of employees, including directors, during the year was 16 (2003 - 26).

4 Directors

	2004 £	2003 £
Directors' remuneration consists of:		
Emoluments	59,064	53,083
	<u>59,064</u>	<u>53,083</u>

5 Other operating income

	2004 £	2003 £
Rental income	67,919	86,493
	<u>67,919</u>	<u>86,493</u>

6 Operating loss

	2004 £	2003 £
This has been arrived at after charging:		
Depreciation	5,392	70,537
Hire of other assets - operating leases	25,091	48,165
Land and buildings - operating leases	23,500	22,000
Auditors' remuneration - audit services	8,850	6,442
- non audit services	3,650	3,500
	<u>66,483</u>	<u>150,644</u>

7 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdrafts	6,018	8,594
Finance lease and hire purchase interest	41	300
	<u>6,059</u>	<u>8,894</u>

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)

8 Taxation on loss from ordinary activities

	2004	2003
	£	£
Current tax charge	-	-
The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:		
	2004	2003
	£	£
Loss on ordinary activities before tax	(468,901)	(639,201)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 - 30%)	(89,091)	(191,760)
Effects of:		
Expenses not deductible for tax purposes	993	6,303
Depreciation in excess of capital allowances for year	947	24,456
Unutilised tax losses carried forward	87,151	161,001
Current tax charge for the year	-	-

Factors that may affect future tax charges

A deferred tax asset of approximately £616,165 (2003 - £832,620) has not been recognised in the financial statements as there is currently insufficient evidence that any deferred tax asset would be recoverable.

The company has unutilised tax losses of approximately £3,094,726 (2003 - £2,632,134) available for relief against future profits, subject to agreement by the Inland Revenue, together with unutilised reliefs of approximately £148,250 (2003 - £143,268) in respect of capital allowances.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Notes forming part of the financial statements for the year ended 30 September 2004 (*Continued*)

9 Tangible fixed assets

	Land and buildings £	Production equipment £	Office equipment £	Computer equipment £	Total £
<i>Cost</i>					
At 1 October 2003	65,197	292,621	28,109	5,001	390,928
Additions	-	275,774	2,263	2,555	280,592
Transfer to group undertaking	-	(275,000)	-	-	(275,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2004	65,197	293,395	30,372	7,556	396,520
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 October 2003	65,197	283,796	26,708	209	375,910
Provided for the year	-	2,563	554	2,275	5,392
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2004	65,197	286,359	27,262	2,484	381,302
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 2004	-	7,036	3,110	5,072	15,218
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2003	-	8,825	1,401	4,792	15,018
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £1,785 (2003 - £Nil) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £78 (2003 - £2,500) for the year.

10 Debtors

	2004 £	2003 £
Trade debtors	54,482	92,870
Amount owed by group undertakings	33,991	-
Other debtors	9,929	1,671
Prepayments and accrued income	64,148	33,194
	<hr/>	<hr/>
	162,550	127,735
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts (see note 12)	97,733	96,921
Trade creditors	63,684	64,434
Amounts owed to group undertakings	245,108	-
Taxation and social security	3,352	10,250
Other creditors	43,664	46,913
Obligations under finance leases and hire purchase contracts	1,619	1,853
	<u>455,160</u>	<u>220,371</u>

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans	7,901	10,199
Amounts owed to group undertakings	607,412	336,332
	<u>615,313</u>	<u>346,531</u>

	Bank loans and overdrafts		Finance leases and hire purchase contracts	
	2004 £	2003 £	2004 £	2003 £
Maturity of debt:				
In one year or less, or on demand	<u>97,733</u>	<u>96,921</u>	<u>1,619</u>	<u>1,853</u>
In more than one year, but not more than two years	3,118	3,043	-	-
In more than two years but not more than five years	<u>4,783</u>	<u>7,156</u>	-	-
	<u>7,901</u>	<u>10,199</u>	-	-

The bank loans and overdrafts are secured by a debenture over the assets and liabilities of the company. The bank loan commenced in 1999 and is repayable in monthly instalments over a 10 year term. Interest is payable at 3.35% per annum above Barclays bank base rate.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)

13 Share capital

	2004 £	Authorised 2004 Number	2003 £	2003 Number
Ordinary shares of 5p each	2,000,000	40,000,000	2,000,000	40,000,000
	2004 £	Allotted, called up and fully paid 2004 Number	2003 £	2003 Number
Ordinary shares of 5p each	1,343,298	26,865,963	1,343,298	26,865,963

14 Reserves

	Share premium account £	Profit and loss account £
At 1 October 2003	1,174,599	(2,941,689)
Loss for the year	-	(468,901)
At 30 September 2004	1,174,599	(3,410,590)

15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Loss for the financial year	(468,901)	(639,201)
Shares issued in the year	-	524,602
Net movement in shareholders' funds	(468,901)	(114,599)
Opening shareholders' funds	(423,792)	(309,193)
Closing shareholders' funds	(892,693)	(423,792)

16 Commitments under operating leases

As at 30 September 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2004 £	Land and buildings 2003 £
Operating leases which expire:		
Within two to five years	25,750	22,000

17 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Milestone Group PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in those consolidated financial statements.

Transactions and balances with entities not connected to Milestone Group PLC were as follows:

The company made purchases from and sales to MGH Investments Limited (formerly Milestone Group Holdings Limited) a company controlled by A T Craig amounting to £15,745 and £4,000 respectively.

As at 30 September 2004 the company owed £1,175 to MGH Investments Limited which is included within trade creditors and was owed £105 by MGH Investments Limited, which is included within trade debtors.

18 Ultimate parent company

At 30 September 2004 the company's ultimate parent company was Milestone Group PLC which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Milestone Group PLC are available from Companies House.

19 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash flow statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

Oxford Broadcasting Limited trading as Six TV The Oxford Channel

Schedule to the detailed profit and loss account for the year ended 30 September 2004

	2004 £	2004 £	2003 £	2003 £
Brought forward		(530,761)		(716,800)
Other operating income				
Rental income		67,919		86,493
Interest payable and similar charges				
Bank loans and overdrafts	6,018		8,594	
Finance lease and hire purchase interest	41		300	
	<u> </u>	(6,059)	<u> </u>	(8,894)
Loss on ordinary activities before taxation		<u><u>(468,901)</u></u>		<u><u>(639,201)</u></u>