

Company Registration No. 2590549

World Television Limited

Report and Financial Statements

Six months ended 31 December 2003



World Television Limited

Report and financial statements 2003

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

World Television Limited

Report and financial statements 2003

Officers and professional advisers

Directors

A M Booth
P J Sibley

Secretary

SLC Corporate Services Limited
42-46 High Street
Esher, Surrey
KT10 9QY

Registered Office

8 Fitzroy Square
London W1T 5HN

Bankers

Natwest Bank Plc
Bristol City Office

Solicitors

Fladgate Fielder
25 North Row
London W1K 6DJ

Bevan Ashford
Curzon House
Southernhay West
Exeter
EX1 1AB

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

World Television Limited

Directors' report

The directors present their annual report and the audited financial statements for the six months ended 31 December 2003.

Principal activity

The principal activity of the company is the production and distribution of television news and related programmes.

On 15 July 2004, a special resolution was passed to change the accounting reference date of the company from 30 June to 31 December. As a consequence these financial statements are for the six months ended 31 December 2003.

Results and business review

The audited financial statements for the six months ended 31 December 2003 are set out on pages 5 to 17. The profit for the period after tax was £663,930 (year ended 30 June 2003 – £532,287).

Dividends

During the period no interim dividend was paid (year ended 30 June 2003 – £nil). No final dividend is proposed (year ended 30 June 2003 – £nil).

Directors and their interests

The directors who served throughout the period were as follows:

A M Booth
P J Sibley

Neither director holds any beneficial interest in the issued share capital of the company. The interests of A M Booth and P J Sibley in the share capital of the parent company, World Television Group Limited (formerly World Television Group Plc), are disclosed in that company's financial statements.

Transactions with Directors

The following loan to A Booth existed during the period ended 31 December 2003:

	£
Amount outstanding at 1 July 2003	0
Amount outstanding at 31 December 2003	1,524
Maximum outstanding during year	1,524
Subsequent to the year end the the balance remained outstanding on the director's loan account.	

World Television Limited

Directors' report continued

The following loan to P Sibley existed during the period ended 31 December 2003:

	£
Amount outstanding at 1 July 2003	0
Amount outstanding at 31 December 2003	530
Maximum outstanding during year	530

Subsequent to the year end the director repaid £530 of the balance outstanding on the director's loan account.

Auditors

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P J Sibley
Director

21 Feb 2004

World 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 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; 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of World Television Limited

We have audited the financial statements of World Television Limited for the 6 months ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under 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 so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

23 July 2004

World Television Limited

Profit and loss account

Six months ended 31 December 2003

	Note	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
Turnover	1	3,660,471	4,896,750
Cost of sales		(1,321,849)	(1,510,510)
Gross profit		2,338,622	3,386,240
Administrative expenses		(1,477,080)	(2,828,044)
Operating profit	2	861,542	558,196
Interest receivable/(payable) (net)	3	4,968	(2,598)
Profit on ordinary activities before taxation		866,510	555,598
Tax on profit on ordinary activities	4	(202,580)	(23,311)
Profit on ordinary activities after taxation and retained for the period/year	17	663,930	532,287

All figures relate to continuing activities.

There are no recognised gains or losses in either period other than the profit for that period.

World Television Limited


Balance sheet 31 December 2003

	Note	31 December 2003 £	30 June 2003 £
Fixed assets			
Tangible assets	7	238,882	249,300
Investments	8	126,006	126,006
		<u>364,888</u>	<u>375,306</u>
Current assets			
Stocks	9	8,900	7,636
Debtors			
- due within one year	10	1,395,768	582,022
- due after one year	10	-	55,159
Cash at bank and in hand		874,964	733,926
		<u>2,279,632</u>	<u>1,378,743</u>
Creditors: amounts falling due within one year	11	(1,597,350)	(1,370,809)
Net current assets		<u>682,282</u>	<u>7,934</u>
Total assets less current liabilities		<u>1,047,170</u>	<u>383,240</u>
Capital and reserves			
Called up share capital	15	28,570	28,570
Share premium account	16	453,587	453,587
Profit and loss account	16	565,013	(98,917)
Equity shareholders' funds	17	<u>1,047,170</u>	<u>383,240</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

21 July

2004.


P J Sibley
Director

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Group financial statements

No consolidated accounts have been prepared as the company is a wholly-owned subsidiary of World Television Group Limited (formerly World Television Group Plc) and is therefore exempt under section 228(1) of the Companies Act 1985.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is charged so as to allocate the cost of each asset less its estimated residual value to the periods expected to benefit from its use at the following rates:

Leasehold improvements	20% straight line
Specialist equipment	20% straight line
Office furniture, fittings and equipment	33% straight line
Website development	33% straight line

Investments

Investments are stated at cost less provision for any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Long term contracts and work in progress

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress balances within stock.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes originating principally from the UK.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date and delivered to the customer as a proportion of the total contract value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

1. Accounting policies (continued)

Leased assets

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance sheet of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term.

Pensions

Contributions made by the company to money purchase pension schemes are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Cash flow

Under the provisions of Financial Reporting Standard No.1 (Revised) 'Cash Flow Statements', the company has not prepared a cash flow statement because the parent undertaking, World Television Group Limited (formerly World Television Group plc), which is registered in England and Wales, has prepared consolidated accounts for the year. These accounts contain a consolidated cash flow statement and are publicly available.

2. Operating profit

	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
Operating profit is stated after charging:		
Auditors' remuneration for audit services	20,001	42,075
Depreciation		
- owned assets	51,747	154,328
- held under finance leases	17,839	35,723
Operating lease rentals		
- equipment	9,449	18,898
- other	63,879	127,757
Exceptional item		
- redundancy costs	-	102,060

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

3. Interest receivable/(payable) (net)

	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
Interest payable and similar charges		
On finance leases	(1,939)	(4,549)
On bank loans and overdrafts	(314)	(2,018)
	<u>(2,253)</u>	<u>(6,567)</u>
Interest receivable and similar income		
Bank interest	7,221	3,969
	<u>4,968</u>	<u>(2,598)</u>

4. Tax on profit on ordinary activities

	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
The charge for taxation comprises:		
United Kingdom corporation tax at a 30% (June 2003 – 19%)		
Current period/year	(179,383)	-
Adjustment in respect of prior years		(508)
	<u>(179,383)</u>	<u>(508)</u>
Deferred tax		
Timing differences, origination and reversal	(23,197)	(99,397)
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods		75,098
Adjustment in respect of prior years		1,496
	<u>(202,580)</u>	<u>(23,311)</u>
<i>Factors affecting tax charge for the current period/ year</i>		
Profit on ordinary activities before tax	886,510	555,598
Tax at 30%	(259,953)	(105,564)
Expenses not deductible for tax purposes	(19,030)	19,696
Capital allowances in excess of depreciation	(3,801)	(14,132)
Utilisation of tax losses	99,467	99,397
Other deferred tax movements		(151)
Marginal relief	3,934	754
Prior period adjustments		(508)
Current tax charge for the period/year	<u>(179,384)</u>	<u>(508)</u>

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

5. Staff costs

The average monthly number of employees (including directors) was:

	6 months ended 31 December 2003 No.	Year ended 30 June 2003 No.
Sales and production	15	15
Administration	25	25
	<u>40</u>	<u>40</u>

Aggregate remuneration comprised:

	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
Wages and salaries	900,583	1,919,680
Social security costs	104,186	162,968
Other pension costs	13,200	31,347
	<u>1,017,969</u>	<u>2,113,995</u>

6. Directors' remuneration

Directors' remuneration during the period/year comprised:

	6 months ended 31 December 2003 £	Year ended 30 June 2003 £
Total emoluments	100,000	350,000
Company contributions to money purchase pension schemes	5,000	7,500
	<u>105,000</u>	<u>357,500</u>

Two directors are accruing benefits through money purchase pension schemes (June 2003: 2).

Information regarding the highest paid director is as follows:

Emoluments	50,000	175,000
Pension contributions to money purchase schemes	2,500	3,750
	<u>52,500</u>	<u>178,750</u>

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

7. Tangible and intangible fixed assets

	Leasehold improvements £	Computer and office equipment £	Specialist equipment £	Website development £	Total £
Cost					
At 1 July 2003	57,538	296,882	559,445	-	913,865
Additions	-	15,190	29,978	14,000	59,168
Disposals	-	-	-	-	-
At 31 December 2003	57,538	312,072	589,423	14,000	973,033
Depreciation					
At 1 July 2003	23,570	255,964	385,031	-	664,565
Charge for the year	5,755	19,241	43,311	1,279	69,586
Disposals	-	-	-	-	-
At 31 December 2003	29,325	275,205	428,342	1,279	734,151
Net book value					
At 31 December 2003	28,213	36,867	161,081	12,721	238,882
At 30 June 2003	33,968	40,918	174,414	-	249,300

Included in the above is leased equipment at a net book value of £72,588 (June 2003: £90,429).

8. Fixed asset investments

	Cost and net book value £
Subsidiary undertakings	
At 1 July 2003 and at 31 December 2003	126,006

The company has investments in 100% of the ordinary share capital of the following non-trading subsidiary undertakings.

	Country of incorporation	Holding
World Images Limited	Great Britain	Ordinary
World Post-Production Limited	Great Britain	Ordinary
World Multi-Media Limited	Great Britain	Ordinary
UCTX Limited	Great Britain	Ordinary

World Television Limited

Notes to the accounts Six months ended 31 December 2003

9. Stocks

	31 December 2003 £	30 June 2003 £
Stocks	<u>8,900</u>	<u>7,636</u>

10. Debtors

	31 December 2003 £	30 June 2003 £
Trade debtors	1,177,792	377,871
Amounts owed by group undertaking	-	31,318
Other debtors and prepayments	168,976	155,795
Deferred tax (Note 14)	49,000	72,197
	<u>1,395,768</u>	<u>637,181</u>
Long term contract balances comprise:		
Amounts recoverable on contracts	172,414	65,073
Less: payments on account	<u>(172,414)</u>	<u>(65,073)</u>
	<u>-</u>	<u>-</u>

Included within other debtors and prepayments is £nil (June 2003 – £55,159) falling due after more than one year.

World Television Limited

Notes to the accounts Six months ended 31 December 2003

11. Creditors: amounts falling due within one year

	31 December 2003 £	30 June 2003 £
Convertible debt		
Convertible unsecured loan stock (Note 12)	44,764	44,764
Other creditors		
Bank loans	6,334	15,834
Obligations under finance leases	4,023	20,239
Payments received on account	217,589	204,892
Trade creditors	511,062	318,243
Corporation tax	179,383	1,731
Other taxes and social security	274,325	280,345
Accruals	359,870	484,761
	<u>1,552,586</u>	<u>1,326,045</u>
	<u>1,597,350</u>	<u>1,370,809</u>

The bank loans are secured by a fixed and floating charge over the assets of the company.

12. Borrowings

The aggregate amount of borrowings was as follows:

	31 December 2003 £	30 June 2003 £
Bank loans		
- falling due within one year	6,334	15,834
Convertible unsecured loan stock	<u>44,764</u>	<u>44,764</u>

The loan stock of £44,764 (June 2003: £44,764) is unsecured and non-interest bearing. It is convertible on demand into cash or ordinary shares of £0.01 each in the capital of World Television Group Limited (formerly World Television Group Plc) at the option of the note holder.

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

13. Obligations under finance leases

The net obligations under finance leases are repayable as follows:

	31 December 2003 £	30 June 2003 £
Within one year	<u>4,023</u>	<u>20,239</u>

14. Provisions for liabilities and charges

The deferred tax asset at 31 December 2003 comprises:

	31 December 2003 £	30 June 2003 £
Opening balance	(72,197)	(95,000)
Charge to profit and loss account	<u>23,197</u>	<u>22,803</u>
Closing balance (Note 10)	<u>(49,000)</u>	<u>(72,197)</u>
<i>Analysis of deferred tax balance:</i>		
Losses	<u>(49,000)</u>	<u>(72,197)</u>

A deferred tax asset of £575,000 (June 2003: £381,482) in respect of timing differences relating to the losses derived from the trade of the UCTX division has not been recognised. This asset will be recovered if there are sufficient future taxable profits.

15. Share capital

	31 December 2003 £	30 June 2003 £
Authorised:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Issued, called up and fully paid:		
28,570 Ordinary shares of £1 each	<u>28,570</u>	<u>28,570</u>

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

16. Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 July 2003	453,587	(98,917)	354,670
Retained profit for the period	-	663,930	663,930
At 31 December 2003	<u>453,587</u>	<u>565,013</u>	<u>1,018,600</u>

17. Reconciliation of movements in equity shareholders' funds

	31 December 2003 £	30 June 2003 £
Profit for the period/year	663,930	532,287
Opening equity shareholders' funds/(deficit)	<u>383,240</u>	<u>(149,047)</u>
Closing equity shareholders' funds	<u>1,047,170</u>	<u>383,240</u>

18. Operating lease commitments

The company had the following annual commitments under non-cancellable operating leases:

	31 December 2003		30 June 2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
- within one year	-	-	-	2,394
- between two to five years	-	5,714	-	4,569
- after five years	118,000	-	118,000	-
	<u>118,000</u>	<u>5,714</u>	<u>118,000</u>	<u>6,963</u>

20. Related party transactions

The company is a wholly owned subsidiary of World Television Group Limited (formerly World Television Group Plc), a company which produces group accounts. As permitted by paragraph 3(c) of Financial Reporting Standard 8 - Related Party Disclosures, no related party transactions between the company and the other group companies have been disclosed.

World Television Limited

Notes to the accounts

Six months ended 31 December 2003

21. Subsequent events

On 13 May 2004 the convertible unsecured loan stock of £44,764 was redeemed. The company is maintaining a liability of £44,764 in respect of those loan stock holders that the company has been unable to trace.

22. Ultimate parent company

The directors consider the immediate and ultimate parent company and controlling entity of the company at 31 December 2003, and parent undertaking of the largest and smallest group to consolidate the accounts of the company, to be World Television Group Limited (formerly World Television Group Plc), a company incorporated in Great Britain. The consolidated accounts of World Television Group Limited are available from 8 Fitzroy Square, London, W1T 5HN.