2590549

World Television Limited

Report and Financial Statements

Year Ended

31 December 2004

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COMPANIES HOUSE 28/10/2005

BDO

BDO Stoy Hayward
Chartered Accountants

World Television Limited

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

Contents

Directors

M Neville
S Smith

Secretary

S Smith

Company number

2590549

Registered office

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

Auditors

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

World Television Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

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

During the year an interim dividend amounting to £600,000 was paid (2003 – £Nil). No final dividend is proposed (2003 – £Nil).

Principal activities, trading review and future developments

The principal activity of the company is the production and distribution of television news and related programmes. This principal activity is envisaged to continue in the future.

Directors

The directors of the company during the year were:

A Booth	(resigned 24 February 2005)
P Sibley	(resigned 24 February 2005)
J Ormondroyd	(resigned 24 February 2005)

On 24 February 2005, M Neville, J King and S Smith were appointed directors of the company. J King resigned on 14 July 2005.

No director had any beneficial interest in the share capital 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.

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; 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

Deloitte & Touche 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 will be proposed at the annual general meeting.

On behalf of the Board

S Smith

Director

Date 21/10/05

To the shareholders of World Television Limited

We have audited the financial statements of World Television Limited for the year ended 31 December 2004 on pages 5 to 18 which have been prepared under the accounting policies set out on pages 7 to 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.

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 year 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 Limited

Profit and loss account for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Turnover		**5,301,630**	3,660,471
Cost of sales		**(1,887,930)**	(1,321,849)
Gross profit		**3,413,700**	2,338,622
Administrative expenses		**(3,646,388)**	(1,477,080)
Operating (loss)/profit	4	**(232,688)**	861,542
Interest receivable (net)	5	**30,434**	4,968
(Loss)/profit on ordinary activities before taxation		**(202,254)**	866,510
Taxation on (loss)/profit on ordinary activities	6	**122,093**	202,580
(Loss)/profit on ordinary activities after taxation		**(324,347)**	663,930
Dividends	7	**(600,000)**	-
(Loss)/profit for the year/period	14	**(924,347)**	663,930

All amounts relate to continuing activities.
The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 18 form part of these financial statements.

World Television Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	8		**231,518**		238,882
Investments	9		**3**		126,006
			231,521		364,888
Current assets					
Stocks and work in progress	10	**36,897**		8,900	
Debtors - due within one year	11	**1,323,833**		1,395,768	
Cash at bank and in hand		**301,801**		874,964	
		1,662,531		2,279,632	
Creditors: amounts falling due within one year	12	**1,771,229**		1,597,350	
Net current (liabilities)/assets			***(108,698)***		*682,282*
Total assets less current liabilities			**122,823**		1,047,170
Capital and reserves					
Called up share capital	13		**28,570**		28,570
Share premium account	14		**453,587**		453,587
Profit and loss account	14		**(359,334)**		565,013
Equity shareholders' funds	15		**122,823**		1,047,170

The financial statements were approved by the Board on 21/10/05

S Smith
Director

The notes on pages 7 to 18 form part of these financial statements.

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:

Group financial statements

The financial statements contain information about World Television Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of s228(1) of the Companies Act 1985 not to produce consolidated financial statements as the company is a wholly owned subsidiary of World Television Group PLC (formerly Virtue Broadcasting PLC).

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.

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 its ultimate parent undertaking, World Television Group PLC (formerly Virtue Broadcasting 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.

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.

1 Accounting policies *(Continued)*

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

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 in stock.

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.

1 Accounting policies *(Continued)*

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 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.

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.

2 Employees

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Staff costs consist of:		
Wages and salaries	**1,865,658**	900,583
Social security costs	**199,314**	104,186
Other pension costs	**61,581**	13,200
	2,126,553	1,017,969

2 Employees *(Continued)*

	Year ended 31 December 2004 Number	Six *months* ended 31 December 2003 Number
The average number of employees, including directors, was:		
Sales and production	**21**	15
Administration	**19**	25
	40	40

3 Directors

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Directors' remuneration consist of:		
Total emoluments	-	100,000
Company contributions to money purchase pension schemes	-	5,000
	-	105,000
Highest paid director		
Emoluments	-	50,000
Pension contributions to money purchase schemes	-	2,500

No directors are accruing benefits through money purchase pension schemes (2003 – 2).

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 year by World Television Limited.

4 Operating (loss)/profit

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
This has been arrived at after charging:		
Auditors' remuneration for audit services	**68,996**	20,001
Depreciation - owned assets	**81,239**	51,747
- held under finance leases	**35,684**	17,839
Operating lease rentals - equipment	**9,026**	9,449
- other	**142,045**	63,879
Impairment of investment	**126,000**	-

5 *Interest payable (net)*

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Interest payable and similar charges:		
On finance leases	**(1,124)**	(1,939)
On bank loans and overdrafts	**(120)**	(314)
	(1,244)	(2,253)
Interest receivable and similar income:		
Bank interest	**31,678**	7,221
	30,434	4,968

6 Taxation on (loss)/profit from ordinary activities

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Corporation tax		
Current tax charge	**81,093**	179,383
Prior year tax charge	**33,000**	-
	114,093	179,383
Deferred tax		
Origination and reversal of timing differences (note 11)	**8,000**	23,197
Taxation on profit on ordinary activities	**122,093**	202,580

The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
(Loss)/profit on ordinary activities before taxation	**(202,254)**	866,510
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	**(60,676)**	259,953
Effects of:		
Expenses not deductible for tax purposes	**164,201**	19,030
Depreciation in excess of capital allowances for year	**6,346**	3,801
Utilisation of tax losses	**-**	(99,467)
Marginal relief	**-**	(3,934)
Group tax relief	**(28,778)**	-
Underprovision in prior year	**33,000**	-
Current tax charge for year/period	**114,093**	179,383

7 Dividends

	Year ended 31 December 2004 £	Six months ended 31 December 2003 £
Ordinary shares – paid	**600,000**	-

8 Tangible assets

	Leasehold improvements £	Computer and office equipment £	Specialist equipment £	Total £
Cost				
At 1 January 2004	57,538	326,072	589,423	973,033
Additions	20,543	61,835	27,181	109,559
At 31 December 2004	**78,081**	**387,907**	**616,604**	**1,082,592**
Depreciation				
At 1 January 2004	29,325	276,484	428,342	734,151
Charge for the year	13,509	37,993	65,421	116,923
At 31 December 2004	**42,834**	**314,477**	**493,763**	**851,074**
Net book value				
At 31 December 2004	**35,247**	**73,430**	**122,841**	**231,518**
At 31 December 2003	28,213	49,588	161,081	238,882

Included in the above is leased equipment at a net book value of £36,903 (2003 - £72,588).

9 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January 2003	126,006
Disposals	(3)
At 31 December 2004	**126,003**
Provision	
Charge for the year and at 31 December 2004	**126,000**
Net book value	
At 31 December 2004	**3**
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
UCTX Limited	Great Britain	Ordinary
World Images Limited – struck off as of the 15 February 2005	Great Britain	Ordinary
World Post-Production Limited – struck off as of the 15 February 2005	Great Britain	Ordinary
World Multi-Media Limited – struck off as of the 15 February 2005	Great Britain	Ordinary

10 Stocks

	2004 £	2003 £
Work in progress	**27,276**	-
Stocks	**9,621**	8,900
	36,897	8,900

11 Debtors

	2004	2003
	£	£
Trade debtors	**855,782**	1,177,792
Deferred tax	**41,000**	49,000
Amounts owed by group undertaking	**279,653**	-
Other debtors	**11,897**	13,107
Prepayments	**135,501**	155,869
	1,323,833	1,395,768

Long term contract balances comprise:		
Amounts recoverable on contracts	-	172,414
Less: payments on account	-	(172,414)
	-	-

Analysis of deferred tax provision:

	2004	2003
	£	£
Opening balance	**(49,000)**	(72,197)
Charge to profit and loss account	**8,000**	23,197
Closing balance	**(41,000)**	(49,000)

A deferred tax asset of £575,000 (2003 - £575,000) 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.

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

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Convertible debt		
Convertible unsecured loan stock	**44,764**	44,764
Other creditors		
Bank loans	-	6,334
Obligations under finance leases	-	4,023
Payments received on account	**406,546**	217,589
Trade creditors	**423,042**	511,062
Other creditors	**8,029**	-
Amounts owed to group undertakings	**3,905**	-
Corporation tax	**264,383**	179,383
Other taxes and social security	**238,120**	274,325
Accruals and deferred income	**382,437**	359,870
	1,726,462	1,552,586
	1,771,226	1,597,350

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

13 Share capital

	2004 £	2003 £
Authorised		
50,000 ordinary shares of £1 each	**50,000**	50,000
Issued, called up and fully paid		
28,570 ordinary shares of £1 each	**28,570**	28,570

14 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2004	453,587	565,013	1,018,600
Loss for the year	-	(924,347)	(924,347)
At 31 December 2004	**453,587**	**(359,334)**	**94,253**

15 Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
(Loss)/profit for the year	**(924,347)**	663,930
Opening equity shareholders' funds	**1,047,170**	383,240
Closing equity shareholders' funds	**122,823**	1,047,170

16 Commitments under operating leases

As at 31 December 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	2004 Land and buildings £	2004 Other £	2003 Land and buildings £	2003 Other £
Operating leases which expire:				
In two to five years	**-**	**12,846**	-	5,714
Over five years	**118,000**	**-**	118,000	-
	118,000	**12,846**	118,000	5,714

17 Related party transactions

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 World Television 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 consolidated financial statements.

18 Ultimate parent company

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.