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World Television Limited

Directors' report and accounts
for the nine months ended 30 June 2000

Registered number: 2590549

Directors' report

For the nine months ended 30 June 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the nine month period ended 30 June 2000.

Principal activity

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

Results and business review

The audited accounts for the nine months ended 30 June 2000 are set out on pages 4 to 15. The profit for the period after tax was £9,418 (year to 30 September 1999: £2,725).

Capital structure developments

On 16 June 2000, an agreement was made, subject to certain contractual terms, to issue 8,570 shares to a third party for consideration of £500,000. Since the period end, this amount has been paid in full.

Dividends

Dividends during the period amounted to £60,750 (year to 30 September 1999: £nil). No final dividend is proposed.

Directors and their interests in shares

The directors who served during the period together with their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	30 June 2000	30 September 1999
AM Booth	10,000	10,000
PJ Sibley	10,000	10,000
K Gauld (appointed 24 August 2000, resigned 15 September 2000)	-	-
C Helvert (appointed 31 October 2000)	-	-
A Alexander (appointed 31 October 2000, resigned 25 January 2002)	-	-

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

Directors' responsibilities (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

- prepare the accounts 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 enable them to ensure that the accounts 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

Arthur Andersen were appointed as auditors for the period and a resolution will be placed before the annual general meeting to reappoint them for the ensuing year.

By order of the Board,

AM Booth
Secretary

28 March 2002

Auditors' report
For the period ended 30 June 2000

To the Shareholders of World Television Limited

We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 6 to 8.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 2000 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

28 March 2002

Profit and loss account

For the nine months ended 30 June 2000

	Notes	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
Turnover	1	1,581,278	1,611,350
Cost of sales		(799,301)	(770,125)
Gross profit		781,977	841,225
Administrative expenses		(674,817)	(816,041)
Operating profit	2	107,160	25,184
Bank interest receivable		1,523	811
Interest payable	3	(16,849)	(18,196)
Profit on ordinary activities before taxation		91,834	7,799
Tax on profit on ordinary activities	6	(21,666)	(5,074)
Profit on ordinary activities after taxation		70,168	2,725
Dividends	7	(60,750)	-
Retained profit for the period		9,418	2,725

All amounts relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

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

There is no material difference between the result as disclosed and the result on an unmodified historical cost basis.

Balance sheet

At 30 June 2000

	Notes	30 June 2000 £	30 September 1999 £
Fixed assets			
Tangible assets	8	417,791	413,155
Investments	9	6	-
		417,797	413,155
Current assets			
Stocks	10	3,495	3,970
Debtors	11	518,758	348,527
Cash at bank and in hand		44,360	87,628
		566,613	440,125
Creditors: Amounts falling due within one year	12	(602,154)	(494,346)
Net current liabilities		(35,541)	(54,221)
Total assets less current liabilities		382,256	358,934
Creditors: Amounts falling due after more than one year	13	(90,928)	(77,024)
Provisions for liabilities and charges	15	(8,000)	(8,000)
Net assets		283,328	273,910
Capital and reserves			
Called-up share capital	16	20,000	20,000
Revaluation reserve	17	90,202	90,253
Profit and loss account	17	173,126	163,657
Equity shareholders' funds	18	283,328	273,910

These accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The accounts on pages 4 to 15 were approved by the board of Directors on 28 March 2002 and signed on its behalf by:

AM Booth
Director

The accompanying notes are an integral part of this balance sheet.

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.

a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Subsequent to the period end, the company expanded in anticipation of a public offering of shares on the Alternative Investment Market ('IPO'). As a result of the intended IPO and the planned increase in the scale of operations, the company increased its cost base, principally through the recruitment of additional employees, on the assumption that new funds would be raised.

Due to the market conditions at the end of 2000, the IPO did not proceed and, as a result, in addition to significant levels of professional fees in connection with the aborted IPO, the company was left with a cost base that was not supported by the scale of the business. The losses incurred subsequent to the year end has left the company such that it has net current liabilities.

The directors have taken steps to rectify the position through a cost reduction plan and careful cash management subsequent to the year end including the sale of freehold premises in Bristol for consideration of £245,000 and a limited redundancy programme.

Since the business has now returned to profitability and is expected to be cash positive shortly, the directors consider it appropriate to prepare accounts on the going concern basis. The accounts do not contain any adjustments that would result if the accounts were prepared on a basis other that a going concern basis.

Since the group qualifies as a small group under Companies Act 1985, consolidated accounts have not been prepared. Accordingly, these accounts are those of the company and not of its group.

b) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, 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:

Freehold property	2% straight line
Specialist equipment	12.5% straight line
Office furniture, fittings and equipment	20% straight line

c) Stock

Stock is stated at the lower of cost and net realisable value.

d) Long term contracts

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 long term contract balances in stock.

e) 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.

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.

f) Taxation

UK corporation 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 tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

g) 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.

h) 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.

1 Accounting policies (continued)

i) 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.

2 Operating profit

Operating profit is stated after charging:

	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
Auditors' remuneration	20,000	3,500
Depreciation of owned assets	37,677	53,741
Depreciation of assets held under finance lease agreements	7,197	9,372
Profit on sale of fixed assets	-	(3,547)
Hire of equipment	28,071	36,945

3 Interest payable

	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
On finance leases	4,021	5,986
On bank loans	12,828	12,210
	16,849	18,196

4 Staff costs

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

	Nine months ended 30 June 2000 Number	Year ended 30 September 1999 Number
Sales and distribution	4	4
Administration	14	11
	18	15

4 Staff costs (continued)

Aggregate remuneration comprised:

	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
Wages and salaries	416,265	551,345
Social security costs	41,059	54,985
Other pension costs	15,313	11,278
	472,637	617,608

5 Directors' remuneration

Directors' remuneration during the period comprised:

	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
Emoluments	44,500	140,000
Company contributions to money purchase pension scheme	5,625	2,400
	50,125	142,400

6 Tax on profit on ordinary activities

	Nine months ended 30 June 2000 £	Year ended 30 September 1999 £
UK corporation tax based on profits for the period	21,666	3,300
Underprovision in prior years	-	1,774
	21,666	5,074

7 Dividends

	2000 £	1999 £
Ordinary dividends of 303.75p (1999: £nil) per share	60,750	-

8 Tangible fixed assets

	Freehold property £	Computer and office equipment £	Specialist equipment £	Total £
Cost or valuation				
At 30 September 1999	175,000	51,199	430,757	656,956
Additions	-	3,045	46,465	49,510
Disposals	-	(1,244)	(20,433)	(21,677)
At 30 June 2000	175,000	53,000	456,789	684,789
Depreciation				
At 30 September 1999	2,625	29,694	211,482	243,801
Charge for the period	2,625	7,007	35,242	44,874
Disposals	-	(1,244)	(20,433)	(21,677)
At 30 June 2000	5,250	35,457	226,291	266,998
Net book value				
At 30 June 2000	169,750	17,543	230,498	417,791
At 30 September 1999	172,375	21,505	219,275	413,155

Included in the above are leased equipment at a net book value of £77,013 (30 September 1999 - £54,863).

The freehold property was revalued on 31 December 1998 by Burston Cook, Consultant Surveyors, at open market value. The directors are not aware of any material change in the value of the property at 30 June 2000 and, accordingly, the valuation has not been updated. The surplus arising has been credited to the revaluation reserve.

The historical cost of the freehold property is:

	£
Historical cost	88,694
Accumulated depreciation based on historical cost	7,004
Historical cost at book value	81,690

All other assets are stated at historical cost.

9 Fixed asset investments

	30 June 2000 £	30 September 1999 £
Subsidiary undertakings	6	-

Subsidiary undertakings

On 16 June 2000 the company acquired the issued share capital of the following non-trading subsidiary undertakings.

	Country of incorporation	Holding	%
World Images Limited	UK	Ordinary	100
World Post-Production Limited	UK	Ordinary	100
World Multi-Media Limited	UK	Ordinary	100

	2000 £
Cost	
At 1 October 1999	-
Additions in the year	6
At 30 June 2000	6

10 Stocks

	30 June 2000 £	30 September 1999 £
Stocks	3,495	3,970

11 Debtors

	30 June 2000 £	30 September 1999 £
Trade debtors	474,633	339,845
Long term contract balances	-	-
Other debtors and prepayments	44,125	8,682
	518,758	348,527
Long term contract balances comprise:		
Amounts recoverable on contracts	53,957	28,660
Less: payments on account	(53,957)	(28,660)
	-	-

12 Creditors: amounts falling due within one year

	30 June 2000 £	30 September 1999 £
Bank overdraft	25,900	-
Bank loans	53,336	52,050
Payments received on account	27,928	87,706
Trade creditors	280,598	233,491
Corporation tax	24,966	3,300
Other taxes and social security	34,588	21,400
Accruals	110,806	43,614
Directors' loan account	20,250	33,194
Finance leases	23,782	19,591
	602,154	494,346

13 Creditors: amounts falling due after more than one year

	30 June 2000 £	30 September 1999 £
Bank loans	78,798	74,399
Finance leases	12,130	2,625
	90,928	77,024

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

14 Borrowings

The aggregate amount of borrowings was as follows:

	30 June 2000 £	30 September 1999 £
Bank loans		
- falling due within one year	53,336	52,050
- falling due within one to two years	36,370	49,632
- falling due within two to five years	42,428	24,767
	132,134	126,449

15 Provisions for liabilities and charges

The deferred tax provision at 30 June 2000 comprises:

	Provided		Unprovided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	8,000	8,000	-	-
Capital gain on disposal of property at net book value	-	-	17,500	17,500
	8,000	8,000	17,500	17,500

16 Share capital

	30 June 2000 £	30 September 1999 £
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Issued, called-up and fully-paid		
20,000 ordinary shares of £1 each	20,000	20,000

17 Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 1999	90,253	163,657	253,910
Retained profit for the period	-	9,418	9,418
Transfer	(51)	51	-
At 30 June 2000	90,202	173,126	263,328

Notes to the accounts (continued)

18 Reconciliation of movements in equity shareholders' funds

	30 June 2000 £	30 September 1999 £
Profit for the period	70,168	2,725
Revaluation of fixed assets	-	49,680
Dividends	(60,750)	-
Net addition to shareholders' funds	9,418	52,405
Opening equity shareholders' funds	273,910	221,505
Closing equity shareholders' funds	283,328	273,910

19 Obligations under finance leases

The net obligations under finance leases are repayable as follows:

	30 June 2000 £	30 September 1999 £
Within one year	23,782	19,591
Between two and five years	12,130	2,625
	35,912	22,216

20 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the period to 30 June 2001:

	30 June 2000 £	30 September 1999 £
Land and buildings expiring within one year	5,333	32,000

21 Related party transactions

The Company was controlled throughout the period by P J Sibley and A M Booth, the directors and shareholders. Loans to the company from the directors arise through unpaid dividends and remuneration.

AM Booth is owed £10,125 as at 30 June 2000 (30 September 1999: £18,132).
PJ Sibley is owed £10,125 as at 30 June 2000 (30 September 1999: £15,062).

22 Post balance sheet event

On 16 June 2000, an agreement was made, subject to certain contractual terms, to issue 8,570 shares to a third party for consideration of £500,000. Since the period end, this has been paid in full.

On 18 December 2001, UCTX was acquired for total consideration of £ 126,000.