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WORLD TELEVISION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

**KIDSONS IMPEY
INCORPORATING HOLLINGDALES
CHARTERED ACCOUNTANTS
BRISTOL**



WORLD TELEVISION LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

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Company Number : 2590549

WORLD TELEVISION LIMITED

DIRECTORS REPORT

The directors present their report and the audited financial statements for the period ended 30 September 1997.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The company has had a successful year and the directors are satisfied with the state of the company's affairs.

RESULTS AND DIVIDEND

The profit for the period after taxation was £109,092 (1996 - £78,111). The directors have paid a dividend of £40,000 and the balance of £69,092 has been transferred to reserves.

FIXED ASSETS

Movements in fixed assets are shown in note 5 to the accounts. During the year, the company purchased specialist equipment costing £154,491 and office furniture and equipment costing £15,867. £2,415 was spent on improvements to the property.

DIRECTORS AND THEIR INTEREST IN SHARES

The directors who held office during the period and their interest in the ordinary £1 shares of the company are as follows : -

	<u>Ordinary Shares of £1 each</u>	
	<u>30.9.97</u>	<u>30.9.96</u>
A M BOOTH	1	1
P J SIBLEY	1	1

WORLD TELEVISION LIMITED

DIRECTORS REPORT (continued)

DIRECTORS' RESPONSIBILITIES

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 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.
- 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.

BY ORDER OF THE BOARD



ANDREW BOOTH
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF WORLD TELEVISION LIMITED

We have audited the financial statements on pages 5 to 14 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 page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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 consider 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 at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kelvin Hyslop

Chartered Accountants and
Registered Auditor

Bristol

29 July 1998

WORLD TELEVISION LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of freehold property, and in accordance with applicable Accounting Standards.

TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at cost less accumulated depreciation.

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	33.33% straight line
Office furniture, fittings and equipment	20% straight line

STOCK AND WORK IN PROGRESS

Stock and work in progress is stated in the balance sheet at the lower of cost and net realisable value.

TURNOVER

Turnover represents the amounts derived from the provision of goods and services during the period, excluding value added tax.

CASHFLOW STATEMENT

The company has taken advantage of the exemption available to small companies in Financial Reporting Standard 1 and has not produced a cash flow statement.

LEASED ASSETS

In accordance with the principles of Statement of Standard Accounting Practice No.21, assets used by the company funded by finance leases and hire purchase contracts have been capitalised. Details of the net book value of such assets are included in note 5 and of the future liabilities under such contracts in note 8. A charge is made against profit for the financing charges on such assets. Assets funded by operating leases are not capitalised, total costs being charged to the profit and loss account as hire of equipment.

PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme and is shown in note 2 to the accounts.

DEFERRED TAXATION

Provision is made, using the liability method, for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

FOREIGN EXCHANGE

Transactions in foreign currencies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

WORLD TELEVISION LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 1997

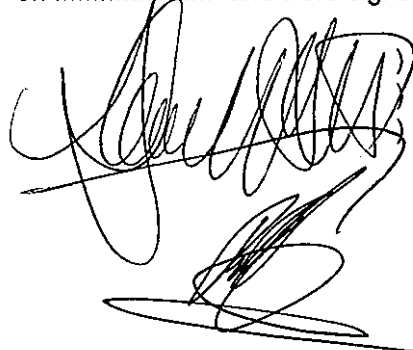
	<u>Notes</u>	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
TURNOVER		890,753	722,260
Cost of sales		347,127	332,742
		<hr/>	<hr/>
GROSS PROFIT		543,626	389,518
Administrative expenses		387,728	265,938
		<hr/>	<hr/>
OPERATING PROFIT	1	155,898	123,580
Bank interest receivable		429	627
Interest payable	3	-14,761	-15,669
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		141,566	108,538
Taxation	4	-32,474	-30,427
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	109,092	78,111
Dividends paid		-40,000	-60,000
		<hr/>	<hr/>
RETAINED PROFIT FOR THE PERIOD		69,092	18,111
		<hr/>	<hr/>

All the company's activities are classified as continuing.

WORLD TELEVISION LIMITED**BALANCE SHEET**
AT 30 SEPTEMBER 1997

	<u>Notes</u>	<u>30.9.97</u> £	<u>30.9.96</u> £
FIXED ASSETS			
Tangible assets	5	347,684	239,440
CURRENT ASSETS			
Stock and Work in Progress	6	3,110	56,132
Debtors	7	278,016	84,577
Cash at bank and in hand		11,901	21,884
		293,027	162,593
CREDITORS : AMOUNTS DUE WITHIN ONE YEAR	8	-391,430	-248,817
NET CURRENT LIABILITIES		-98,403	-86,224
TOTAL ASSETS LESS CURRENT LIABILITIES		249,281	153,216
CREDITORS : AMOUNTS DUE AFTER MORE THAN ONE YEAR	8	-88,085	-69,112
PROVISION FOR LIABILITIES AND CHARGES	10	-8,000	
		153,196	84,104
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	109,687	39,437
Revaluation reserve	12	43,507	44,665
SHAREHOLDERS' FUNDS	12	153,196	84,104

The financial statements on pages 5 to 14 were approved by the board of directors
on 22.11.98 and were signed on it's behalf by :



Director

WORLD TELEVISION LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
Profit for the financial year	69,092	18,111
Unrealised surplus on the revaluation of the freehold property	0	17,037
	<hr/>	<hr/>
Total gains and losses relating to the financial year	<u>69,092</u>	<u>35,148</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
Reported profit on ordinary activities before taxation	141,566	108,538
Difference between actual and historical cost depreciation	1,158	713
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	142,724	109,251
Taxation	32,474	30,427
Dividends	40,000	60,000
	<hr/>	<hr/>
Retained historical cost profit for the year after taxation and dividends	<u>70,250</u>	<u>18,824</u>

WORLD TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

1 OPERATING PROFIT	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
The operating profit is stated after charging :		
Auditors' remuneration	3,000	2,800
Depreciation of owned assets	58,817	47,100
Depreciation of assets held under lease agreements	5,712	20,243
Hire of equipment	12,268	15,224
	<hr/>	<hr/>
2 DIRECTORS AND EMPLOYEES		
Staff costs (including directors) :	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
Wages and salaries	230,341	132,946
Social security costs	22,136	12,814
Pension costs	2,400	2,600
	<hr/>	<hr/>
	254,877	148,360
	<hr/>	<hr/>
The average number of people employed by the company was :	Year ended <u>30.9.97</u> Number	12.5 mths. ended <u>30.9.96</u> Number
Directors	2	2
Video editor	1	1
Other	8	4
	<hr/>	<hr/>
	11	7
	<hr/>	<hr/>
The directors' emoluments were :	£	£
Total emoluments	68,937	58,828
Company contributions to a money purchase pension scheme	2,400	2,600
	<hr/>	<hr/>
	71,337	61,428
	<hr/>	<hr/>
Number of directors who are members of a money purchase pension scheme	Number <u>2</u>	Number <u>2</u>

WORLD TELEVISION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997 (continued)**

3 INTEREST PAYABLE	Year ended <u>30.9.97</u> £	12.5 mths. ended <u>30.9.96</u> £
On finance leases	7,079	6,761
On bank loans	7,682	8,908
	<hr/>	<hr/>
	14,761	15,669
	<hr/>	<hr/>
4 TAXATION	<u>1997</u> £	<u>1996</u> £
U.K. Corporation tax on current period profit at 22%	23,631	31,000
Underprovision in prior years	843	-573
Provision for deferred taxation	8,000	
	<hr/>	<hr/>
	32,474	30,427
	<hr/>	<hr/>

WORLD TELEVISION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997** (continued)

5. TANGIBLE FIXED ASSETS

COST OR VALUATION

	Freehold Property £	Office Furniture & Equipment £	Specialist Equipment £	Total £
At 1 October 1996	110,000	24,483	214,174	348,657
Additions	2,415	15,867	154,491	172,773
Disposals				
At 30 September 1997	112,415	40,350	368,665	521,430

DEPRECIATION

At 1 October 1996	0	7,391	101,826	109,217
Charge for period	2,221	7,660	54,648	64,529
Disposals				
At 30 September 1997	2,221	15,051	156,474	173,746

NET BOOK VALUE

At 30 September 1997	110,194	25,299	212,191	347,684
At 30 September 1996	110,000	17,092	112,348	239,440

Included in the above are the following amounts relating to leased assets : Equipment at net book value £32,155 (1996 - £45,458)

WORLD TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

(continued)

5. TANGIBLE FIXED ASSETS (continued)

The freehold property was revalued on 10 September 1995 by Osmond Tricks, Consultant Surveyors at open market value and this revaluation has been reflected in the accounts. The surplus arising has been credited to the revaluation reserve.

The historical cost of the freehold property is :

	£
Historical cost	55,576
Accumulated depreciation based on historical cost	3,686
	<hr/>
Historical cost at book value	51,890
	<hr/> <hr/>

All other assets are stated at historical cost.

6. WORK IN PROGRESS	<u>30.9.97</u>	<u>30.9.96</u>
	£	£
Stock of videos	3,110	3,600
Work done but not invoiced	0	52,532
	<hr/>	<hr/>
	3,110	56,132
	<hr/> <hr/>	<hr/> <hr/>
7. DEBTORS	<u>30.9.97</u>	<u>30.9.96</u>
	£	£
Trade debtors	253,446	84,577
Other debtors	18,568	0
Prepayments	6,002	0
	<hr/>	<hr/>
	278,016	84,577
	<hr/> <hr/>	<hr/> <hr/>

WORLD TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

(continued)

8. CREDITORS	<u>30.9.97</u>	<u>30.9.96</u>
	£	£
Amounts due within one year :		
Bank overdraft (see note 9)	27,849	0
Bank loan (see note 9)	23,857	17,857
Property loan (see note 9)	0	4,999
Payments received on account	39,518	31,000
Trade creditors	159,413	104,758
Corporation tax	23,631	16,000
Other taxes and social security	19,791	5,713
Accruals	33,923	17,371
Directors' loan account	50,910	37,273
Finance lease	12,538	13,846
	<u>391,430</u>	<u>248,817</u>
Amounts due after more than one year		
Bank loans (see note 9)	73,107	66,964
Finance lease	14,978	2,148
	<u>88,085</u>	<u>69,112</u>

The finance lease creditor is all due to be repaid within five years. The bank loan and overdraft are secured by a fixed and floating charge over the Company's assets.

9. BORROWINGS	<u>30.9.97</u>	<u>30.9.96</u>
	£	£
The aggregate amount of borrowings was as follows :		
Falling due within one year		
Bank overdraft	27,849	0
Bank loans	23,857	17,857
Property loan	0	4,999
	<u>51,706</u>	<u>22,856</u>
Falling due within one to two years		
Bank loans	<u>23,857</u>	<u>17,857</u>
Falling due within two to five years		
Bank loans	<u>49,250</u>	<u>49,107</u>
Aggregate amounts	<u>124,813</u>	<u>89,820</u>

WORLD TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

(continued)

9. BORROWINGS (continued)

One bank loan is being repaid by monthly instalments of £1,488 excluding interest.
A second bank loan is being repaid at £621 per month including interest. Both loans carry an interest rate of 9%.

10. DEFERRED TAXATION

The balance at 30 September 1997 is made up as follows :

	Provided		Unprovided	
	30.9.97	30.9.96	30.9.97	30.9.96
	£	£	£	£
Accelerated capital allowances	8000	-	-	(1,200)
Capital gain on disposal of property at net book value	-	-	7300	8200
	<u>8000</u>	<u>0</u>	<u>7300</u>	<u>7000</u>

11. CALLED UP SHARE CAPITAL

	30.9.97	30.9.96
	£	£
Authorised :		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid :		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Revaluation Reserve	Profit & Loss Account	1997 Total	1996 Total
	£	£	£	£	£
Balance at 1 October 1996	2	44,665	39,437	84,104	48,956
Profit for the year			109,092	109,092	78,111
Dividends			(40,000)	(40,000)	(60,000)
Revaluation in period					17,037
Excess depreciation on revalued asset		(1,158)	1,158		
Balance at 30 September 1997	<u>2</u>	<u>43,507</u>	<u>109,687</u>	<u>153,196</u>	<u>84,104</u>

13. RELATED PARTY TRANSACTIONS

The Company was controlled throughout the year by P.J.Sibley and A.M.Booth who are the directors and shareholders. The directors have lent money to the Company as disclosed in note 8. No interest is payable on these loans.