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Charter Broadcast Limited

Report and Financial Statements

Year Ended

31 December 2005

BDO

BDO Stoy Hayward
Chartered Accountants

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Charter Broadcast Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

M J Breen
M Watts

Secretary and registered office

M Watts,
100 Centennial Avenue, Elstree, Hertfordshire, WD6 3SA

Company number

2594283

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Charter Broadcast Limited

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

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

Principal activities, review of business and future developments

The principal activity of the company is the hire of broadcast equipment and related services to the broadcast and corporate television industries.

The results of the company continue to develop in line with expectations and are expected to do so for the foreseeable future.

Financial instruments

The company holds or issues financial instruments to finance its operations. Operations are financed by retained profits. Working capital requirements are met principally out of these retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company's finance facilities are held in Sterling, Euros, Singapore Dollars and US Dollars. The company tries to ensure that sales and cost of sales are contracted in the same currencies to minimise currency exposure risk. The company does not enter into any hedging arrangements.

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The directors monitor the liquidity and cash flow risk of the company carefully. Cash flow is monitored by the directors on a regular basis and appropriate action would be taken where additional funds are required.

Directors

The directors of the company during the year were:

M J Breen	
C E K Beddow	(resigned 12 July 2005)
N A Gordon	(appointed 01 June 2005)
M Watts	
E H Everest	(appointed 3 October 2005)

No director had any beneficial interest in the share capital of the company.

M J Breen and M Watts are also directors of the ultimate parent company, Blitz Charter Group Limited, and their interests in the share capital of that company are shown in its financial statements.

In addition, N A Gordon resigned on 21 April 2006 and E H Everest resigned on 31 July 2006..

Charter Broadcast Limited

Report of the directors for the year ended 31 December 2005 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. In preparing those financial statements, the directors are required to:

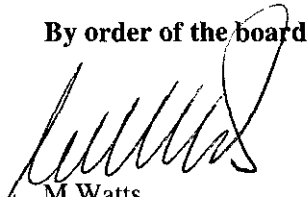
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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



M Watts
Secretary

Date: 16/02/07

Charter Broadcast Limited

Independent auditor's report

To the shareholders of Charter Broadcast Limited

We have audited the financial statements of Charter Broadcast Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

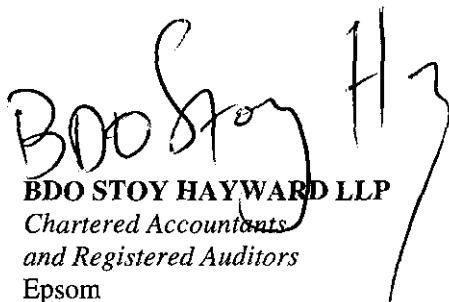
Charter Broadcast Limited

Independent auditor's report (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Epsom

Date: 27 February 2007

Charter Broadcast Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	2	7,429	7,510
Cost of sales		3,650	4,002
		<hr/>	<hr/>
Gross profit		3,779	3,508
Administrative expenses - excluding exceptional items		4,046	3,829
Exceptional items	5	-	695
Administrative expenses		4,046	4,524
		<hr/>	<hr/>
Operating loss	3	(267)	(1,016)
Other interest receivable and similar income	7	14	1
Interest payable and similar charges	8	(20)	(1)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(273)	(1,016)
Taxation on loss on ordinary activities	9	869	2,129
		<hr/>	<hr/>
Profit on ordinary activities after taxation		596	1,113
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

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

Charter Broadcast Limited

Balance sheet at 31 December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Fixed assets					
Intangible assets	10		140		188
Tangible assets	11		4,038		4,760
Fixed asset investments	12		957		957
			<u>5,135</u>		<u>5,905</u>
Current assets					
Stocks	13	158		69	
Debtors	14	8,468		6,582	
Cash at bank and in hand		700		993	
		<u>9,326</u>		<u>7,644</u>	
Creditors: amounts falling due within one year	15	7,521		3,668	
		<u>7,521</u>		<u>3,668</u>	
Net current assets			<u>1,805</u>		<u>3,976</u>
Total assets less current liabilities			<u>6,940</u>		<u>9,881</u>
Creditors: amounts falling due after more than one year	16		1,339		4,876
			<u>1,339</u>		<u>4,876</u>
Capital and reserves					
Called up share capital	17		1,600		1,600
Share premium account	18		6,090		6,090
Profit and loss account	18		(2,089)		(2,685)
			<u>5,601</u>		<u>5,005</u>
Shareholders' funds	19		<u>5,601</u>		<u>5,005</u>

The financial statements were approved by the board of directors and authorised for issue on 16/02/07


M J Breen
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:

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Blitz Charter Group Limited and the company is included in consolidated financial statements.

Goodwill

Goodwill arising on an acquisition of an unincorporated business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover, which excludes value added tax, represents sales to external customers at invoiced amounts.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Plant and hire equipment	- 20% - 33% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 25% per annum
Leasehold improvements	- Over the unexpired life of the lease to the next lease break

Tangible fixed assets acquired as part of businesses acquired are depreciated over the remaining estimated useful economic lives of those assets.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

1 Accounting policies (*continued*)

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stock.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

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 making 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. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it 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.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Blitz Charter Group Limited 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.

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

2 Turnover

	2005 £'000	2004 £'000
Analysis by geographical market:		
United Kingdom	3,415	3,968
Europe	1,060	1,076
Rest of World	2,954	2,466
	<u>7,429</u>	<u>7,510</u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating loss

	2005 £'000	2004 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,809	1,846
Amortisation of positive goodwill	48	12
Profit on disposal of tangible fixed assets	(294)	(207)
Hire of plant and machinery - operating leases	214	199
Hire of other assets - operating leases	1	16
Audit services	24	23
Exchange differences	10	-
	<u></u>	<u></u>

Depreciation includes £78,000 (2004: £32,000) charged on assets held under finance leases.

4 Employees

Staff costs (including directors) consist of:

	2005 £'000	2004 £'000
Wages and salaries	2,106	2,260
Social security costs	170	198
Other pension costs	28	2
	<u>2,304</u>	<u>2,460</u>

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

4 Employees (continued)

The average number of employees (including directors) during the year was as follows:

	2005 Number	2004 Number
Technical support and maintenance	20	18
Administration and finance	8	12
Warehouse, transport and distribution	11	11
Sales and marketing	6	7
	<u>45</u>	<u>48</u>

5 Exceptional items

	2005 £'000	2004 £'000
Impairment of fixed asset investments	-	695
	<u>-</u>	<u>695</u>

6 Directors' remuneration

	2005 £'000	2004 £'000
Directors' emoluments	214	110
Company contributions to money purchase pension schemes	18	9
	<u>232</u>	<u>119</u>

The total amount payable to the highest paid director in respect of emoluments was £88,000 (2004 - £110,000).

The above amounts relate to emoluments recharged by the ultimate parent undertaking.

7 Other interest receivable and similar income

	2005 £'000	2004 £'000
Bank deposits	-	1
Loans to group companies	14	-
	<u>14</u>	<u>1</u>

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

8 Interest payable and similar charges

	2005 £'000	2004 £'000
Bank loans and overdrafts	1	-
Loans from group companies	17	-
Finance leases and hire purchase contracts	2	1
	<u>20</u>	<u>1</u>

9 Taxation on loss on ordinary activities

	2005 £'000	2005 £'000	2004 £'000	2004 £'000
<i>UK Corporation tax</i>				
Group relief		(190)		-
<i>Foreign tax</i>				
Current tax on foreign income for the year		24		44
Total current tax		<u>(166)</u>		<u>44</u>
<i>Deferred tax</i>				
Origination and reversal of timing differences		(703)		(2,173)
Taxation on loss on ordinary activities		<u>(869)</u>		<u>(2,129)</u>

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

9 Taxation on loss on ordinary activities (continued)

The tax assessed for the period is higher (2004: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	(273)	(1,016)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	(82)	(305)
Effect of:		
Expenses not deductible for tax purposes	14	205
Capital allowances for period in excess of depreciation	12	55
Utilisation of tax losses	(4)	-
Group relief	57	58
Double taxation relief on overseas tax	24	44
Other timing differences	3	(13)
Payment for group relief	(190)	-
Current tax charge for period	(166)	44

10 Intangible assets

	Goodwill £'000
<i>Cost</i>	
At 1 January 2005 and 31 December 2005	200
<i>Amortisation</i>	
At 1 January 2005	12
Provided for the year	48
At 31 December 2005	60
<i>Net book value</i>	
At 31 December 2005	140
At 31 December 2004	188

The above goodwill relates to the purchase of an unincorporated business, Radio Camera Systems, on 5 October 2004.

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

11 Tangible fixed assets

	Leasehold improvements £'000	Plant and hire equipment £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 January 2005	396	10,278	94	250	11,018
Additions	20	1,111	31	14	1,176
Disposals	-	(1,284)	-	-	(1,284)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	416	10,105	125	264	10,910
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 January 2005	105	5,866	78	209	6,258
Provided for the year	30	1,724	17	39	1,810
Disposals	-	(1,196)	-	-	(1,196)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	135	6,394	95	248	6,872
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2005	281	3,711	30	16	4,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	291	4,412	16	41	4,760
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £278,000 (2004 - £355,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £77,000 (2004 - £32,000).

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

12 Fixed asset investments

	Shares in group undertakings £'000
<i>Cost</i>	
At 1 January 2005 and 31 December 2005	5,146
<i>Provisions</i>	
At 1 January 2005 and 31 December 2005	4,189
<i>Net book value</i>	
At 31 December 2004 and 31 December 2005	957

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Charter Broadcast Pty Limited	Australia	100	Hire of broadcast equipment and related services
Charter Broadcast North America Inc.	USA	100	Dormant
Charter Broadcast Projects Limited	England	100	Dormant
Charter Murphil Limited	England	100	Dormant
Cinevideo Limited	England	100	Dormant
Pantherwood Limited	England	100	Dormant
Charter Broadcast GmgH	Germany	100*	Dormant

*99.9% held directly and 0.1% held indirectly.

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

13 Stocks

	2005 £'000	2004 £'000
Consumables	158	69

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	2005 £'000	2004 £'000
Amounts receivable within one year		
Trade debtors	1,024	1,339
Amounts owed by group undertakings	1,303	2,612
Prepayments and accrued income	652	458
Deferred taxation	2,876	2,173
	<u>5,855</u>	<u>6,582</u>

Amounts receivable after more than one year

Amounts owed by group undertakings	2,613	-
Total debtors	<u>8,468</u>	<u>6,582</u>

	Deferred taxation £'000
At 1 January 2005	2,173
Credited to profit and loss account (see Note 9)	703
At 31 December 2005	<u>2,876</u>

Deferred taxation

	2005 £'000	2004 £'000
Accelerated capital allowances	2,873	2,173
Sundry timing differences	3	-
	<u>2,876</u>	<u>2,173</u>

15 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	339	684
Amounts owed to group undertakings	6,350	2,409
Taxation and social security	114	54
Obligations under finance lease and hire purchase contracts	6	5
Accruals and deferred income	712	516
	<u>7,521</u>	<u>3,668</u>

16 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	1,332	4,863
Obligations under finance lease and hire purchase contracts	7	13
	<u>1,339</u>	<u>4,876</u>

Maturity of debt:

Finance leases	Finance leases 2005 £'000	Finance leases 2004 £'000
In one year or less, or on demand	<u>6</u>	<u>5</u>
In more than one year but not more than two years	5	5
In more than two years but not more than five years	2	8
	<u>7</u>	<u>13</u>

Amounts owed to group undertakings are unsecured and interest free.

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

17 Share capital

	2005 £'000	2004 £'000
<i>Authorised</i>		
2,000,000 Ordinary shares of £1 each	2,000	2,000
	<hr/>	<hr/>
	2005 £'000	2004 £'000
<i>Allotted, called up and fully paid</i>		
1,600,001 (2003: 1,600,000) Ordinary shares of £1 each	1,600	1,600
	<hr/>	<hr/>

18 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2005	6,090	(2,685)
Profit for the year	-	596
	<hr/>	<hr/>
At 31 December 2005	6,090	(2,089)
	<hr/>	<hr/>

19 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the year	596	1,113
Share premium movement	-	6,090
	<hr/>	<hr/>
Net additions to shareholders' funds	596	7,203
Opening shareholders' funds	5,005	(326)
Prior year adjustment	-	(1,872)
	<hr/>	<hr/>
Opening shareholders' funds as restated	5,005	(2,198)
	<hr/>	<hr/>
Closing shareholders' funds	5,601	5,005
	<hr/>	<hr/>

Charter Broadcast Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

20 Contingent liabilities

The company has entered into bank cross guarantees and debentures with National Westminster Bank plc secured by first fixed and floating charges over the assets of the company in respect of the UK bank borrowings of certain UK group undertakings. At the balance sheet date these borrowings amounted to £11,056,000 (2004: £11,358,000).

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005	2004
	Other £'000	Other £'000
Operating leases which expire:		
After five years	202	202
	<hr/>	<hr/>

22 Ultimate parent company

The largest and smallest group in which the results of the company are consolidated is that headed by its ultimate parent company, Blitz Charter Group Limited.

Copies of the consolidated financial statements of Blitz Charter Group Limited are available from the company's registered office.