



SENSE LOOK AND FEEL LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



GERALD EDELMAN
CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1G 9BR

T +44 (0)20 7299 1400 · F +44 (0)20 7299 1401

E gemail@geraldedelman.com

www.geraldedelman.com

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SENSE LOOK AND FEEL LIMITED

COMPANY INFORMATION

Director	S C Clarke
Secretary	S P Robinson
Company number	02852175
Registered office	40 New Bond Street London W1S 2RX
Auditors	Gerald Edelman 25 Harley Street London W1G 9BR
Business address	40 New Bond Street London W1S 2RX
Bankers	Royal Bank of Scotland North West House 119 Marylebone Road London NW1 5PY
Solicitors	Howard Kennedy 19 Cavendish Square London W1A 2AW Marriott Harrison 12 Great James Street London WC1N 3DR

SENSE LOOK AND FEEL LIMITED

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SENSE LOOK AND FEEL LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

The director presents her report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The principal activity of the company is that of production of television programmes and film and television production.

Results and dividends

The results for the year are set out on page 4.

The director does not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2004:

H K Smiley	(Resigned 14 December 2004)
S C Clarke	

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
S C Clarke	-	-

The director is also a director of the ultimate parent company, The Instrumental Media Group Limited, and her shareholdings in that company are disclosed in its own financial statements.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

SENSE LOOK AND FEEL LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

On behalf of the board



S C Clarke

Director

26 August 2005

SENSE LOOK AND FEEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SENSE LOOK AND FEEL LIMITED

We have audited the financial statements of Sense Look and Feel Limited on pages 4 to 9 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 director 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 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

26 August 2005

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

SENSE LOOK AND FEEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	248,064	709,420
Cost of sales		(65,785)	(271,332)
Gross profit		182,279	438,088
Administrative expenses		(306,111)	(345,309)
Operating (loss)/profit		(123,832)	92,779
Interest payable and similar charges	3	(1,924)	(163)
(Loss)/profit on ordinary activities before taxation		(125,756)	92,616
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation	10	(125,756)	92,616

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SENSE LOOK AND FEEL LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Current assets					
Work in progress	5	37,419		27,913	
Debtors	6	831,960		702,222	
		<u>869,379</u>		<u>730,135</u>	
Creditors: amounts falling due within one year	7	<u>(1,114,945)</u>		<u>(849,945)</u>	
Total assets less current liabilities			<u>(245,566)</u>		<u>(119,810)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		<u>(245,568)</u>		<u>(119,812)</u>
Shareholders' funds - equity interests	11		<u>(245,566)</u>		<u>(119,810)</u>

The financial statements were approved by the Board on 26 August 2005


S C Clarke
Director

SENSE LOOK AND FEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company meets its day to day working capital requirements through loans from its fellow subsidiaries and the parent company. The directors believe it to be appropriate to prepare the financial statements on a going concern basis which assumes continued financial support of its group undertakings.

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Work in progress

Work in progress represents unbilled work on projects and is valued at the lower of cost and net realisable value.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Recognition of deferred tax asset 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. The deferred tax has not been discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Interest payable	2005 £	2004 £
On bank loans and overdrafts	1,924	163

SENSE LOOK AND FEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

4 Taxation

There is no charge to UK corporation tax due to tax losses incurred during the year, subject to agreement with Inland Revenue.

The company has estimated losses of £ 116,872 (2004: £ 116,872) available for carry forward against future trading profits.

5 Work in progress	2005 £	2004 £
Work in progress	37,419	27,913

6 Debtors	2005 £	2004 £
Trade debtors	58,750	-
Amounts owed by group undertakings	721,606	698,790
Other debtors	1,429	3,239
Prepayments and accrued income	50,175	193
	831,960	702,222

Amounts falling due after more than one year and included in the debtors above are:

	2005 £	2004 £
Prepayments	50,000	-

7 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	-	27,022
Trade creditors	-	21,872
Amounts owed to group undertakings	1,111,722	708,200
Accruals and deferred income	3,223	92,851
	1,114,945	849,945

SENSE LOOK AND FEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	6,902	6,186

9 Share capital

	2005 £	2004 £
Authorised		
2,000 Ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2004	(119,812)
Retained loss for the year	(125,756)
Balance at 31 March 2005	(245,568)

11 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss)/Profit for the financial year	(125,756)	92,616
Opening shareholders' funds	(119,810)	(212,426)
Closing shareholders' funds	(245,566)	(119,810)

12 Contingent liabilities

The company is party to a debenture to secure the bank borrowings of the group undertakings, which at the year end date amounted to approximately £426,378 (2004 : £450,293).

SENSE LOOK AND FEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

13 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	119,600	119,600
Company pension contributions to money purchase schemes	6,902	6,186
	<u>126,502</u>	<u>125,786</u>

14 Employees

Number of employees

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

	2005 Number	2004 Number
Production, office and management	<u>4</u>	<u>4</u>

Employment costs

	2005 £	2004 £
Wages and salaries	187,870	207,795
Social security costs	20,585	22,984
Other pension costs	6,902	6,186
	<u>215,357</u>	<u>236,965</u>

15 Control

The ultimate parent company is The Instrumental Media Group Limited, a company registered in England and Wales.

The Instrumental Media Group Limited prepares consolidated financial statements and copies can be obtained from company's registered office.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.