

**BLAKEWAY PRODUCTIONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED
31ST MARCH 2005**



BLAKEWAY PRODUCTIONS LIMITED

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BLAKEWAY PRODUCTIONS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Denys Blakeway
Denise Blakeway (resigned - 24th May 2004)
Katharine Macky
Nitin Patel (Appointed 24 May 2004)
Alexander Connock (Appointed 24 May 2004)

Company secretary

Nitin Patel

Registered office

Unit 10
Blue Lion Place
237 Long Lane
London
SE1 4PU

Auditors

Bright Grahame Murray
Chartered Accountants
& Registered Auditors
124/130 Seymour Place
London
W1H 1BG

BLAKEWAY PRODUCTIONS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2005.

Principal Activities and Review of the Business

The principal activity of the company during the year was the production of television documentaries.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year are listed on page 1. In addition Denise Blakeway served as a director of the company until her resignation on 24 May 2004.

On 24 May 2004 the entire issued share capital of the company was purchased by Ten Alps Communications plc, a company registered in Scotland.

Until the company was acquired by Ten Alps Communications Plc, Denys Blakeway and Denise Blakeway held 500 ordinary shares each in the company.

Mr Connock and Mr Patel are directors of the ultimate parent undertaking, Ten Alps Communications Plc and their interests are disclosed in the financial statements of that company.

The following director had options in the share capital of the ultimate parent company:

	At 1st April 2004	At 31st March 2005	Exercise Price	Dates Exercisable
Ordinary shares of 2p each				
Denys Blakeway	Nil	50,000	36p	2004-2014

Apart from these interests, no director in office at the year end had any interest in the share capital of Ten Alps Communications Plc at any time during the year.

Policy on the Payment of Creditors

The company applies a policy of agreeing the terms of payment as part of the commercial arrangement negotiated with suppliers. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. The average creditor days for the period was 19 days.

BLAKEWAY PRODUCTIONS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2005

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint Bright Grahame Murray as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

N. PATEL
Secretary

Approved by the directors on 13th June 2005



BLAKEWAY PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLAKEWAY PRODUCTIONS LIMITED

YEAR ENDED 31ST MARCH 2005

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

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 Directors and the 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 on page 3.

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 responsibilities do not extend to any other information.

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.

BLAKEWAY PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLAKEWAY PRODUCTIONS LIMITED *(continued)*

YEAR ENDED 31ST MARCH 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2005 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

124/130 Seymour Place
London
W1H 1BG

13th June 2005



**bright graham murray
Chartered Accountants
& Registered Auditors**

BLAKEWAY PRODUCTIONS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 2005**

	Note	2005 £	2004 £
Turnover	2	1,655,648	1,798,595
Cost of sales		<u>1,276,662</u>	<u>1,204,547</u>
Gross Profit		378,986	594,048
Administrative expenses		<u>380,443</u>	<u>401,321</u>
Operating (Loss)/Profit	3	(1,457)	192,727
Interest receivable		<u>2,797</u>	<u>2,589</u>
Profit on Ordinary Activities Before Taxation		1,340	195,316
Tax on profit on ordinary activities	6	<u>2,227</u>	<u>40,582</u>
(Loss)/Profit on Ordinary Activities after Taxation		(887)	154,734
Dividends	7	—	<u>95,690</u>
(Loss)/Retained Profit for the Financial Year		(887)	59,044
Retained Profit Brought Forward		272,215	213,171
Retained Profit Carried Forward		<u>271,328</u>	<u>272,215</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

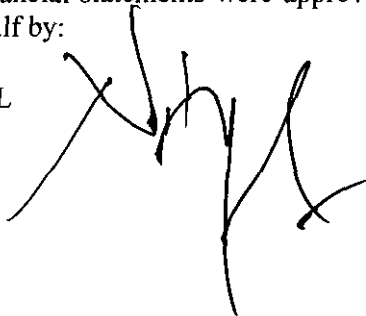
The notes on pages 8 to 13 form part of these financial statements.

BLAKEWAY PRODUCTIONS LIMITED**BALANCE SHEET****31ST MARCH 2005**

	Note	2005 £	£	2004 £	£
Fixed Assets					
Tangible assets	8		52,905		111,968
Current Assets					
Stocks	9	—		62,429	
Debtors	10	142,393		131,991	
Cash at bank		431,844		164,440	
		574,237		358,860	
Creditors: Amounts falling due within one year	12	355,714		192,006	
Net Current Assets			218,523		166,854
Total Assets Less Current Liabilities			271,428		278,822
Provisions for Liabilities and Charges					
Deferred taxation	11		—		6,507
			271,428		272,315
Capital and Reserves					
Called-up equity share capital	15		100		100
Profit and loss account			271,328		272,215
Shareholders' Funds	16		271,428		272,315

These financial statements were approved by the directors on the 13th June 2005 and are signed on their behalf by:

N. PATEL
Director



The notes on pages 8 to 13 form part of these financial statements.

BLAKEWAY PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover (which excludes VAT) represents the value of amounts receivable from clients in respect of production costs and is recognised over the period of the production.

Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract. Gross profit from the exploitation of the programme rights is recognised when receivable.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	over the term of the lease
Plant & Machinery	-	20% p.a. on a straight line basis

Production Costs and Work in Progress

Where the company has deficit-financed a completed and delivered production, the cost is recognised as a fixed asset, described as "Production costs". The amortisation charge for such production costs will equal the receipt of ancillary revenue in the period, supplemented if necessary by any provision for diminution in the value of the asset. The net book value of the production is reduced at the year end by the income received in the year, and the amount held on the balance sheet will be the lesser of the amount of anticipated ancillary revenues and the amortised cost of investment. Where the company has deficit-financed an incomplete television production, the cost of investment is recognised as a current asset, "Work in Progress" less provision for any anticipated under-recoveries.

Programmes Incomplete at Period End

Where productions are in progress at the period end and where the sales invoiced exceed the value of work done the excess is shown as deferred income; where the costs incurred exceed sales invoiced the amounts are classified as accrued income. Where it is anticipated that a production will make a loss, the anticipated loss is provided for in full.

Development Costs

Development costs on new projects are written off as incurred unless they are attributable to specific projects and the directors are of the opinion that the relevant project will proceed and be profitable.

BLAKEWAY PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

1. Accounting Policies *(continued)*

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred Taxation

Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Provision is made for future taxation on gains on revalued assets only where a binding agreement to dispose of the asset exists at the year end. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>1,655,648</u>	<u>1,798,595</u>

3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	63,057	41,228
Auditors' remuneration		
- as auditors	4,000	8,400
Operating lease costs:		
Land and buildings	<u>60,507</u>	<u>63,863</u>

4. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	<u>4</u>	<u>-</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	137,091	198,895
Social security costs	<u>14,967</u>	<u>21,745</u>
	<u>152,058</u>	<u>220,640</u>

BLAKEWAY PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
For management services	<u>94,801</u>	<u>75,721</u>

6. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	<u>11,400</u>	<u>37,482</u>
Total current tax	<u>11,400</u>	<u>37,482</u>
Deferred tax:		
Origination and reversal of timing differences (note 11)		
Capital allowances	<u>(9,173)</u>	<u>3,100</u>
Tax on profit on ordinary activities	<u>2,227</u>	<u>40,582</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 19%).

	2005	2004
	£	£
Profit on ordinary activities before taxation	<u>1,340</u>	<u>195,316</u>
Profit/(loss) on ordinary activities by rate of tax	402	37,110
Expenses not deductible	249	351
Depreciation in excess of capital allowances	9,173	21
Marginal rate relief	(2,192)	-
Change in rate relating to deferred tax	3,768	-
Total current tax (note 6(a))	<u>11,400</u>	<u>37,482</u>

7. Dividends

No dividend has been recommended for the year ended 31st March 2005.

BLAKEWAY PRODUCTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2005****8. Tangible Fixed Assets**

	Leasehold Property £	Equipment and Fixtures £	Total £
Cost			
At 1st April 2004	5,060	365,438	370,498
Additions	—	3,994	3,994
Disposals	—	(177,430)	(177,430)
At 31st March 2005	5,060	192,002	197,062
Depreciation			
At 1st April 2004	1,012	257,518	258,530
Charge for the year	506	62,551	63,057
On disposals	—	(177,430)	(177,430)
At 31st March 2005	1,518	142,639	144,157
Net Book Value			
At 31st March 2005	3,542	49,363	52,905
At 31st March 2004	4,048	107,920	111,968

During the year the company's depreciation policy for equipment and fixtures was changed from 25% reducing balance basis to 20% straight line in order to bring it in line with the Group's accounting policies. The depreciation charge for equipment and fixtures would have been £27,978 using the reducing balance basis whereas the actual charge was £62,551.

9. Stocks

	2005 £	2004 £
Work in progress	—	62,429

10. Debtors

	2005 £	2004 £
Trade debtors	39,883	48,876
Amounts owed by group undertakings	1,707	—
Other debtors	50,261	50,000
Prepayments and accrued income	47,876	33,115
Deferred taxation (note 11)	2,666	—
	142,393	131,991

Included within prepayments and accrued income is a rent deposit of £13,750 (2004: £13,750) that is recoverable after more than one year.

BLAKEWAY PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

11. Deferred Taxation

	2005 £	2004 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	(6,507)	(3,407)
Profit and Loss Account movement arising during the year	<u>9,173</u>	<u>(3,100)</u>
Balance carried forward	<u>2,666</u>	<u>(6,507)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of depreciation over taxation allowances on fixed assets	<u>2,666</u>	<u>(6,507)</u>
	<u>2,666</u>	<u>(6,507)</u>

12. Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	—	32,609
Trade creditors	74,038	99,969
Amounts owed to group undertakings	34,350	—
Corporation tax	11,400	33,292
Other taxes and social security	57,060	13,968
Other creditors	6,905	—
Accruals and deferred income	<u>171,961</u>	<u>12,168</u>
	<u>355,714</u>	<u>192,006</u>

13. Commitments under Operating Leases

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	4,450	—	—
Within 2 to 5 years	<u>55,000</u>	<u>—</u>	<u>55,000</u>	<u>—</u>
	<u>55,000</u>	<u>4,450</u>	<u>55,000</u>	<u>—</u>

14. Related Party Transactions

At the balance sheet date an amount of £50,000 (2004: £50,000) was due from Denys Blakeway, a director of the company. The maximum amount outstanding during the year was £50,000.

BLAKEWAY PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

15. Share Capital

Authorised share capital:

	2005	2004
	£	£
10,000 Ordinary shares of £0.10 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £0.10 each	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

16. Reconciliation of Movements in Shareholders' Funds

	2005	2004
	£	£
(Loss)/Profit for the financial year	(887)	154,734
Dividends	<u>—</u>	<u>(95,690)</u>
	(887)	59,044
Opening shareholders' equity funds	<u>272,315</u>	<u>213,271</u>
Closing shareholders' equity funds	<u>271,428</u>	<u>272,315</u>

17. Ultimate Parent Company

On 24 May 2004 the entire issued share capital of the company was purchased by Ten Alps Communications PLC, a company registered in Scotland.

Copies of its group accounts, which include the company, are available from 100 Union Street, Aberdeen AB10 1QR.