

Visual Action Holdings Limited

Report and Financial Statements

31 December 2003



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Visual Action Holdings Limited

Registered No: 3054629

Directors

D J Davies
R K Ellis

Secretary

M Vadgama

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

The Royal Bank of Scotland plc
8th Floor
280 Bishopsgate
London
EC2M 4RB

Solicitors

Berwin Leighton Paisner
Adelaide House
London Bridge
London
EC4R 9HA

Registered office

Unit 3
Heron Trading Estate
Alliance Road
London
W3 0RA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2003.

Results and dividends

The profit for the year amounted to £461,000 (2002 - profit £64,000). The directors do not recommend the payment of any dividends (2002 - £nil).

Principal activities and review of the business

The principal activity of the company during the year was that of a holding company. The directors consider that the year end financial position was satisfactory.

Directors

The directors who served the company during the year were as follows:

D J Davies
R K Ellis

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



M Vaigama
Secretary

20 October 2004

Statement of directors' responsibilities in respect of the financial statements

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.

Independent auditors' report

to the members of Visual Action Holdings Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 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.

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.

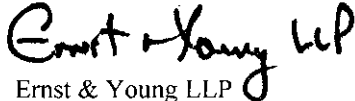
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Visual Action Holdings Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

22 October 2004

Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Turnover		—	—
Administrative expenses - continuing		(441)	(489)
- exceptional write back of unknown intercompany balances		185	—
Other operating income		461	441
Operating profit/(loss)	3	204	(48)
Income from shares in group companies	6	236	—
Interest receivable and similar income	7	16	121
Interest payable and similar charges	8	—	(9)
		252	112
Profit on ordinary activities before taxation		456	64
Tax on profit on ordinary activities	9	5	—
Profit retained for the financial year		461	64

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £461,000 attributable to the shareholders for the year ended 31 December 2003 (2002 - profit of £64,000).

Balance sheet

at 31 December 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Investments	10	25,750	23,350
Current assets			
Debtors	11	40,593	42,956
Cash at bank		8	123
		40,601	43,079
Creditors: amounts falling due within one year	12	2,398	2,837
Net current assets		38,203	40,242
Total assets less current liabilities		63,953	63,592
Provisions for liabilities and charges			
Provisions for pensions	13	—	100
		63,953	63,492
Capital and reserves			
Called up share capital	16	10,020	10,020
Share premium account	17	24,444	24,444
Other reserves	17	14,855	14,855
Profit and loss account	17	14,634	14,173
Equity shareholders' funds	17	63,953	63,492

R K Ellis
Director

20 October 2004

Notes to the financial statements

at 31 December 2003

1. Fundamental accounting concept

The Company is reliant upon the ultimate parent undertaking, Audio Visual Services Corporation ("AVSC"), continuing to provide adequate financial support to the Company to enable its debts to be met *as and when they fall due and to enable other group undertakings to repay amounts owed to the Company.*

Whilst there can be no certainty concerning future financial support, the directors are confident that the ultimate parent undertaking is in a position to and will provide adequate financial support to the Company and other group undertakings to enable them to repay amounts owed to the Company. They therefore believe that the going concern basis is appropriate. However, should this not be the case, adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

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

Fixed assets

All fixed assets are initially recorded at cost.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2003

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Consolidated financial statements

The Company is not required to prepare group financial statements by virtue of the exemption available under section 228 of the Companies Act 1985. The Company is included in the group financial statements of AVSC Europe Limited. The financial statements, therefore, present information about the Company as an individual undertaking and not about its Group.

Investments

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

The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

3. Operating profit/(loss)

This is stated after charging/(crediting):

	2003 £000	2002 £000
Auditors' remuneration - audit services	6	6
Operating lease rentals - land and buildings	431	439
Net (profit)/loss on foreign currency translation	(2)	21

4. Staff costs

Emoluments of the directors are disclosed in the financial statements of the ultimate parent undertaking for services provided as directors during the period to the group as a whole. No director received any emoluments from the Company during the year (2002 - £nil).

5. Directors' emoluments

	2003 £000	2002 £000
Emoluments	—	—

Emoluments of the directors are disclosed in the financial statements of the ultimate parent undertaking for services provided as directors during the year to the group as a whole. No director received any emoluments from the Company during the year (2002 - £nil).

The Company had no employees during the year or the prior year, other than the executive directors. The monthly average number of executive directors during the year was 2 (2002 - 1).

Notes to the financial statements

at 31 December 2003

6. Income from shares in group companies

	2003 £000	2002 £000
Income from group undertakings	236	—

7. Interest receivable

	2003 £000	2002 £000
Bank interest receivable	—	1
Other interest	16	19
Interest from group undertakings	—	101
	16	121

8. Interest payable and similar charges

	2003 £000	2002 £000
Interest payable to group undertakings	—	8
Other interest	—	1
	—	9

9. Tax

(a) Tax on profit on ordinary activities
The tax credit is made up as follows:

	2003 £000	2002 £000
<i>Current tax:</i>		
UK corporation tax	—	—
Tax over provided in previous years	16	—
	16	—
Overseas tax	(11)	—
Total current tax (note 9(b))	5	—

Notes to the financial statements

at 31 December 2003

9. Tax (continued)

No corporation tax is payable for the period due to the availability of group relief surrendered by other group undertakings at no cost to the company.

(b) Factors affecting current tax credit

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £000	2002 £000
Profit on ordinary activities before taxation	456	64
Profit on ordinary activities multiplied by the standard rate of corporation tax (30%)	(136)	(19)
Disallowed expenses	—	(1)
Group relief	101	39
Capital allowances in excess of depreciation	5	7
General provision	—	(26)
Other timing difference	35	—
Total current tax (note 9(a))	5	—

The Company has no liability to deferred taxation at 31 December 2003 (2002 - £nil).

10. Investments

	Shares in subsidiary undertakings £000
Cost:	
At 1 January 2003	31,876
Additions	2,400
Written off in the year	(258)
At 31 December 2003	34,018
Amounts provided:	
At 1 January 2003	8,526
Written off in the year	(258)
At 31 December 2003	8,268
Net book value:	
At 31 December 2003	25,750
Net book value:	
At 1 January 2003	23,350

Notes to the financial statements

at 31 December 2003

10. Investments (continued)

Interest in group undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Proportion of ordinary shares held %</i>	<i>Nature of business</i>
Audio Visual Services Corporation Limited	100	Hire of audiovisual equipment
VAH Subco Limited	100	Non-trading
VAH Subco (2) Limited	100	Non-trading
Company incorporated in the United States of America		
Visual Action Holdings, Inc.	58.8	Holding company

There is only one class of shares for each subsidiary and associated undertaking other than as mentioned in the paragraph above.

During the period, the company subscribed for a further 2,400,000 ordinary shares of £1 each, at par value, in Audio Visual Services Corporation Limited.

11. Debtors

	<i>2003 £000</i>	<i>2002 £000</i>
Trade debtors	130	129
Amounts owed by group undertakings	39,850	42,280
Other debtors	605	538
Accrued interest receivable	8	9
	<u>40,593</u>	<u>42,956</u>

12. Creditors: amounts falling due within one year

	<i>2003 £000</i>	<i>2002 £000</i>
Trade creditors	2	2
Amounts owed to group undertakings	2,384	2,785
Corporation tax	—	16
VAT	—	7
Accruals and deferred income	12	27
	<u>2,398</u>	<u>2,837</u>

Notes to the financial statements

at 31 December 2003

13. Provisions for liabilities and charges

	<i>Provision for pensions £000</i>
At 1 January 2003	100
Profit and Loss Account movement arising during the year	(20)
Paid during the year	(80)
At 31 December 2003	—

14. Commitments under operating leases

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land and buildings 2003 £000</i>	<i>2002 £000</i>
Operating leases which expire: In over five years	441	441

15. Contingent liability

The Company is grouped for VAT purposes with certain other UK group undertakings. Consequently the Company is contingently liable for the VAT liabilities of those other UK group undertakings.

16. Share capital

	<i>2003 £000</i>	<i>Authorised 2002 £000</i>
Ordinary shares of £0.20 each	12,200	12,200

	<i>No.</i>	<i>Allotted, called up and fully paid 2003 £000</i>	<i>No.</i>	<i>2002 £000</i>
Ordinary shares of £0.20 each	50,098,544	10,020	50,098,544	10,020

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2002	10,020	24,444	14,855	14,109	63,428
Profit for the year	—	—	—	64	64
At 31 December 2002	10,020	24,444	14,855	14,173	63,492
Profit for the year	—	—	—	461	461
At 31 December 2003	10,020	24,444	14,855	14,634	63,953

Notes to the financial statements

at 31 December 2003

18. Related party transactions

The Company has claimed an exemption from disclosing transactions with entities that are part of the AVSC Europe Limited group under FRS 8 on the basis that the group financial statements in which the Company is included are publicly available. There are no other related party transactions.

19. Ultimate parent undertaking

The Company's immediate parent undertaking and smallest group in whose financial statements the Company is consolidated as at 31 December 2003 is AVSC Europe Limited. Copies of these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The ultimate parent undertaking of the Company and largest group in whose financial statements the Company is consolidated as at 31 December 2003 is Audio Visual Services Corporation. The financial statements of Audio Visual Services Corporation are publicly available and may be obtained from the secretary of the company at its corporate headquarters' address: 111 West Ocean Boulevard, Suite 1110, Long Beach, California 90802, United States of America.