

Avesco Group plc

Annual report

For the year ended 31 March 2004

Registered in England & Wales number 2285513



Avesco Group plc
Annual Report
For the year ended 31 March 2004

	Pages
Directors and advisors	1
Directors' report	2
Report of the independent auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

Avesco Group plc

Directors and Advisors

Directors	DJ Nicholson DG Brocksom (resigned 31 January 2004) NS Conn (appointed 31 January 2004)
Company secretary	NS Conn
Registered office	E2, Sussex Manor Business Park Gatwick Road Crawley West Sussex RH10 9NH
Auditors	PricewaterhouseCoopers LLP First Point Buckingham Gate Gatwick RH6 0PP
Solicitors	Norton Rose Kempson House Camomile Street London EC4A 7AN

Avesco Group plc

Directors' Report

For the year ended 31 March 2004

The directors present their report and the audited financial statements of the company for the year ended 31 March 2004.

Principal activities

The principal activity of the company is the holding and management of investments.

Business review and future developments

The profit and loss account for the year is set out on page 4. During the year, the company took on certain assets and liabilities of other Avesco Group companies as part of the restructuring of the Avesco Group. The principal creditor has agreed not to require payment whilst shareholders' funds remain negative.

Dividends

The directors do not recommend the payment of a dividend.

Directors and their interests

The names of the directors who held office during the year are given on page 1.

The interests of DJ Nicholson and NS Conn who are also directors of Avesco plc, the ultimate parent company, are shown in the annual report of that company.

Auditors

During the year, KPMG Audit Plc resigned as auditors to the company and PricewaterhouseCoopers LLP were appointed in their place.

Statement of 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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



NS Conn
Company Secretary
24 September 2004

Independent Auditors' Report to the Members of Avesco Group plc

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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 at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

24 September 2004

Avesco Group plc
Profit and Loss Account
For the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		(1,345)	-
Operating loss	2	(1,345)	-
Amounts written off fixed asset investments	7	(150)	(366)
Interest payable	5	(118)	-
Loss before tax		(1,613)	(366)
Taxation	6	-	-
Loss for the year		(1,613)	(366)
Dividends		-	-
Retained loss	12	(1,613)	(366)

All operating losses relate to continuing operations.

The company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results stated above and their historical cost equivalents.

Avesco Group plc
Balance Sheet
As at 31 March 2004

	Note	2004 £'000	2003 £'000
Investments	7	764	429
Tangible	8	930	-
Fixed assets		1,694	429
Debtors	9	343	-
Current assets		343	-
Creditors: amounts falling due within one year	10	(7,008)	(3,787)
Net current liabilities		(6,665)	(3,787)
Total assets less current liabilities		(4,971)	(3,358)
Creditors: amounts falling due after more than one year		-	-
Net liabilities		(4,971)	(3,358)
Called up share capital	11	50	50
Profit and loss account	12	(5,021)	(3,408)
Equity shareholders' deficit	13	(4,971)	(3,358)

The financial statements on pages 4 to 11 were approved by the board of directors on 24 September 2004 and were signed on its behalf by:



NS Conn
Director

Avesco Group plc

Notes to the Financial statements

For the year ended 31 March 2004

1 Accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. All accounting policies have been applied consistently.

The company is a wholly owned subsidiary of Avesco plc and is included in the consolidated financial statements of Avesco plc which are publicly available (see note 15). Consequentially the company has taken advantage of the following exemptions from:

- Preparation of a cash flow statement in accordance with paragraph 5(a) of Financial Reporting Standard 1: Cash flow statements.
- Disclosure of transactions with other members of the Avesco Group or investees of the Avesco Group qualifying as related parties in accordance with paragraph 3(c) of Financial Reporting Standard 8: Related party disclosures.
- Preparation of consolidated financial statements in accordance with section 228 of the Companies Act 1985.

Deferred taxation

Full provision has been made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes (except as otherwise required by FRS 19). Deferred tax assets are also recognised in full subject to them being regarded as more likely than not to be recoverable. Deferred tax balances are not discounted.

Depreciation

The depreciable amount (cost less estimated residual value) of tangible assets is recognised in the profit and loss account using both straight line and reducing balance methods over the following estimated useful economic lives:

Freehold buildings	5 to 30 years
Other plant & equipment	3 to 10 years

The company selects its depreciation rates carefully and reviews them regularly to take account of any changes in circumstances. When setting useful economic lives, the principal factors the company takes into account are the expected rates of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

Investments

Investments are stated at cost less any provision for impairment.

Avesco Group plc
Notes to the Financial statements
For the year ended 31 March 2004

2 Operating loss

Operating loss is stated after charging / (crediting):

	2004 £'000	2003 £'000
Depreciation	42	-
Hire of land and buildings	17	-
Auditors' remuneration for audit	17	-
Auditors' remuneration for other services	-	-
Total auditors' remuneration	17	-
Profit on disposal of fixed assets	(2)	-

3 Directors' emoluments

All of the directors were also directors of Avesco plc, the parent company. Their remuneration for their services to the Avesco Group as a whole are disclosed in the parent company accounts. It is not possible to determine the proportion of their remuneration which relates to any individual group company.

4 Employee information

The average monthly number of staff employed by the company during the year was:

	2004 number	2003 number
Administration	14	-
Total	14	-

The aggregate payroll costs of these staff was as follows:

	2004 £'000	2003 £'000
Wages and salaries	455	-
Social security costs	61	-
Other pension costs	28	-
Total	544	-

The Avesco Group has made Group Personal Pension arrangements for its UK employees which provide benefits on a defined contribution basis. The assets of the scheme are held separately from those of the company by the pension providers. At the balance sheet date £7,000 (2003: £nil) of March contributions were awaiting payment to the pension providers in April.

Avesco Group plc
Notes to the Financial statements
For the year ended 31 March 2004

5 Interest payable

	2004 £'000	2003 £'000
On bank loans and overdrafts	118	-
Total	118	-

6 Taxation

Analysis of tax charge for the year

	2004 £'000	2003 £'000
UK corporate tax on profits for the year	-	-
Adjustments in respect of previous years	-	-
Current tax	-	-
Deferred tax	-	-
Total	-	-

Factors affecting the tax charge

	2004 £'000	2003 £'000
Loss before tax	(1,613)	(366)
Loss before tax multiplied by the standard rate of Corporation tax of 30% (2003: 30%)	(484)	(110)
Other expenses not deductible for tax purposes	195	-
Depreciation in excess of capital allowances	8	-
Other timing differences	125	-
Group relief	156	-
Availability of capital losses	-	110
Current tax charge for the year	-	-

The effective tax rate in future years may be lower than the standard rate of corporation tax due to the availability of group relief.

Avesco Group plc
Notes to the Financial statements
For the year ended 31 March 2004

7 Investments

	Shares in subsidiary companies £'000
Cost	
At 1 April 2003	1,503
Avesco group transfers in	5,420
Amounts written off	(744)
At 31 March 2004	6,179
Provisions for impairment	
At 1 April 2003	1,074
Avesco group transfers in	4,935
Amounts written off	(594)
At 31 March 2004	5,415
Net book value	
At 31 March 2004	764
At 31 March 2003	429

Subsidiary companies

Name	Country of incorporation	Main activity	Percentage ownership
Dimension Audio Limited	England & Wales	Audio services	100%
Fountain Group Limited	England & Wales	Investment holding	100%
Media Control (Europe) Limited	England & Wales	Dormant	100%
Presteigne Limited	England & Wales	Broadcast equipment hire	100%
Screenco Group Limited	England & Wales	Investment holding	100%

Avesco Group plc
Notes to the Financial statements
For the year ended 31 March 2004

8 Tangible assets

	Freehold land & buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 April 2003	-	-	-
Additions	-	4	4
Avesco Group transfers in	1,047	239	1,286
Disposals	-	(21)	(21)
At 31 March 2004	1,047	222	1,269
Depreciation			
At 1 April 2003	-	-	-
Charge	30	12	42
Avesco Group transfers in	147	161	308
Disposals	-	(11)	(11)
At 31 March 2004	177	162	339
Net book value			
At 31 March 2004	870	60	930
At 31 March 2003	-	-	-

9 Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year		
Other debtors	115	-
Other taxation and social security	201	-
Prepayments	27	-
Total	343	-

10 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank overdraft	1,262	-
Trade creditors	478	-
Other creditors	7	-
Accruals	750	-
Amounts owed to other Avesco Group companies	4,511	3,787
Total	7,008	3,787

Avesco Group plc
Notes to the Financial statements
For the year ended 31 March 2004

11 Share capital

	2004 £'000	2003 £'000
Authorised 1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 50,000 ordinary shares of £1 each	50	50

12 Reserves

	Profit and loss account £'000
At 1 April 2003	(3,408)
Retained profit	(1,613)
At 31 March 2004	(5,021)

13 Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
(Loss) / profit for the year	(1,613)	(366)
Dividends	-	-
Retained profit	(1,613)	(366)
Opening equity shareholders' funds	(3,358)	(2,992)
Closing equity shareholders' funds	(4,971)	(3,358)

14 Commitments and contingent liabilities

The company had no annual commitments under non-cancellable operating leases.

The company is a member of the Avesco VAT Group and is a party to the cross guarantee arrangements the Avesco Group has in respect of its UK borrowings with HSBC Bank Plc.

15 Parent company

The company's immediate and ultimate parent company and controlling party is Avesco plc, a company registered in England & Wales. The consolidated financial statements of Avesco plc may be obtained from The Company Secretary, Avesco plc, E2 Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.