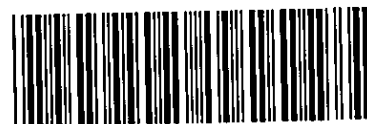


HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

HAT TRICK PRODUCTIONS LIMITED

COMPANY INFORMATION

DIRECTORS

J Mulville
M Redhead
P Cohen
A Dugdale
K Wilson

COMPANY SECRETARY

P Cohen

COMPANY NUMBER

01909622

REGISTERED OFFICE

Hanover House
14 Hanover Square
London
W1S 1HP

TRADING ADDRESS

33 Oval Road
London
NW1 7EA

AUDITORS

Sopher + Co
Chartered Accountants & Statutory Auditors
5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

SOLICITORS

Harbottle and Lewis LLP
Hanover House
14 Hanover Square
London
W1S 1HP

HAT TRICK PRODUCTIONS LIMITED

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HAT TRICK PRODUCTIONS LIMITED

**HAT TRICK GROUP BUSINESS HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Hat Trick Productions Limited is a wholly owned subsidiary of Hat Trick Holdings Limited. Hat Trick group has had an extremely successful year and would like to highlight the following achievements:

- **EBITDA of £3.6m, £1.2m higher than the previous eighteen month period**
- **Operational Cashflow of £3.4m, £1m higher than the previous eighteen month period**
- **BBC renews long term commitment to *Have I Got News For You***
- ***Have I Got News for You* is the first programme to be honoured with the British Comedy Awards' Lifetime Achievement Award**
- ***Outnumbered* goes from strength to strength, with a fourth series in 2011, as well as winning the "most popular situation comedy programme" award at the 2012 National Television Awards**
- ***Episodes* and *Spy* recommissioned for second series**
- **Matt LeBlanc wins a Golden Globe for his role in *Episodes***
- ***Room 101* reformatted and moved to BBC1 and 2nd series commissioned**
- **A third series of *Dinner Date* has been produced**
- **Hat Trick International signs its first major 3rd party content deal with Keo Films, the award winning Independent Production company behind *River Cottage***
- **In House Post Production business set up**

HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

With a library of long-running, award-winning television programming, we are an industry-leading content creator and rights owner. Our goal remains simple, to make highly successful programmes for profit. We do this in two ways. We develop, create and exploit multi-media content in the areas of Comedy, Drama and Entertainment. We also use our substantial creative and business support experience to take investments in early-stage content creation companies with a view to helping them reach their full potential quicker than they otherwise might be able to.

BUSINESS REVIEW

Business Highlights

These have been presented within the Hat Trick group business highlights on page 1

Content creation

Hat Trick produced programmes for BBC1, BBC2, ITV1, Channel 4, Sky One and US channel Showtime in 2011

Have I Got News For You continues to perform strongly whilst remaining as fresh and relevant as ever. The 41st and 42nd series were produced in 2011, with twenty more episodes commissioned for 2012.

Outnumbered continues to be critically acclaimed as well as a ratings success, with the fourth series regularly attracting audiences in excess of five million.

The second series of *Episodes* has recently started its run on the BBC and is due to go out on Showtime in July 2012.

The third series of *Dinner Date* has been produced, with local versions in Australia and France.

Room 101 was reformatted in 2011, there are now three celebrities competing to put their pet hates into room 101, with Frank Skinner as host.

The Suspicions of Mr Whicher and *Case Sensitive – Point of Rescue* were both well received, with a new *Case Sensitive* quickly commissioned. *The Other Half Lives* has recently been produced and is due to air in the summer.

Spy, our first commission for Sky was successfully launched in 2011, with an extended second series being produced in 2012.

Hat Trick is well known for producing high quality programming with quick turnarounds and this was shown again with *Hacks*, a one off comedy on the phone hacking scandal.

After the success of the first series of *Facejacker*, the second series was made in 2011 and shown in early 2012.

Rights exploitation

We continue to exploit the majority of our extensive programming catalogue in-house through Hat Trick International (HTI). HTI has shown considerable growth in the period, as it benefits from Hat Trick's strong production pipeline, as well as winning the distribution rights for some of Plum Picture's most popular programmes including *James May's Toy Stories* and *James May's Man Lab*. This growth is expected to continue into 2012, both due to the increase in Hat Trick productions, as well as more 3rd party content with the recent

HAT TRICK PRODUCTIONS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

deal with Keo Films

On a case by case basis, primarily drama, we continue to use third party distributors where this is more appropriate for the company

Although the general DVD market remains difficult, our key titles continue to perform strongly. We are also seeing good growth from DTO (download to own), albeit from a low base and continue to exploit our content digitally, recently launching a ground breaking *Facejacker* iPhone App and accompanying Facebook Content site, after the incredible success of the *Fonejacker* App

Investments

Plum Pictures, which specialises in presenter led factual series, has had its best year to date producing a number of programmes including *The Secret Mediterranean with Trevor McDonald*, *James May's Man Lab* and *Castrol Edge Presents Ronaldo tested to the limit*

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,724,140 (2010 - £5,008,997 after recognising £4,500,000 deferred consideration relating to the sale of Hat Trick 12 Yard Productions Limited to ITV Studios)

An interim dividend of £12,959,357 (2010 £21,720,367) was paid during the year to the ultimate parent company, Hat Trick Holdings Limited. The directors do not propose the payment of a final dividend (2010 - £nil)

DIRECTORS

The directors who served during the year were

J Mulville
M Redhead
P Cohen
A Dugdale
K Wilson (appointed 12 January 2011)

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £21,852 (2010 - £29,583)

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risk

The company operates primarily within the UK and so has limited exposure to foreign exchange movements. However, any material exposure is hedged on a case by case basis

Credit risk

A large percentage of the Company's programming is conducted with the BBC and other established broadcasters. Therefore, the company does not have a significant exposure to credit defaults

Liquidity Risk

The company has sufficient cash reserves to cover the day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met

HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Sopher + Co will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf



J Mulville
Director

Date 14 May 2012

HAT TRICK PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED

We have audited the financial statements of Hat Trick Productions Limited for the year ended 31 December 2011, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

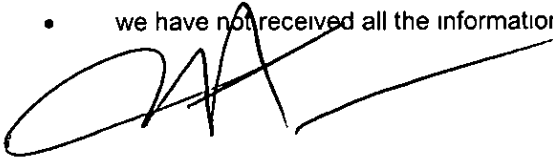
HAT TRICK PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Iseman (Senior statutory auditor)

for and on behalf of
Sopher + Co

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

14 May 2012

HAT TRICK PRODUCTIONS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

		Year ended 31 December 2011 £	18 months ended 31 December 2010 £
	Note		
TURNOVER	1,2	26,459,317	22,182,424
Cost of sales		<u>(18,586,392)</u>	<u>(13,945,825)</u>
GROSS PROFIT		7,872,925	8,236,599
Administrative expenses		(5,872,760)	(8,346,280)
Other operating income		<u>468,343</u>	<u>914,675</u>
OPERATING PROFIT	3	2,468,508	804,994
Income from shares in group undertakings		2,959,356	-
Profit on disposal of investments		-	4,500,000
Interest receivable and similar income		2,812	29,107
Interest payable and similar charges	7	<u>(5,739)</u>	<u>(96)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,424,937	5,334,005
Tax on profit on ordinary activities	8	<u>(700,797)</u>	<u>(325,008)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,724,140</u>	<u>5,008,997</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 9 to 22 form part of these financial statements

HAT TRICK PRODUCTIONS LIMITED
REGISTERED NUMBER: 01909622

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		1,095,682		1,338,170
Investments	10		358,838		358,838
			<u>1,454,520</u>		<u>1,697,008</u>
CURRENT ASSETS					
Work in progress	11	64,721		99,244	
Debtors	12	7,481,252		10,195,505	
Cash at bank and in hand	13	1,370,775		2,570,778	
		<u>8,916,748</u>		<u>12,865,527</u>	
CREDITORS , amounts falling due within one year	14	(9,855,388)		(5,948,492)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(938,640)</u>		<u>6,917,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>515,880</u>		<u>8,614,043</u>
CREDITORS , amounts falling due after more than one year	15		(32,592)		-
NET ASSETS			<u><u>483,288</u></u>		<u><u>8,614,043</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		614		614
Capital redemption reserve	18		600		600
Share option reserve	18		109,851		5,389
Profit and loss account	18		372,223		8,607,440
SHAREHOLDERS' FUNDS	19		<u><u>483,288</u></u>		<u><u>8,614,043</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 May 2012



A Dugdale
Director

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Production turnover and gross profit are recognised over the period of production on a stage of completion and straight line basis respectively.

Sums receivable from distribution by related parties are recognised when receivable. Where third party distributors are used, turnover is recognised on a receivable basis in accordance with distribution statements, unless an advance is received, in which case turnover is then recognised on the later of the licence period start date or completion of all deliverables.

Royalties receivable are accounted for on a royalty earnings basis as part of turnover. Non-returnable, recoupable advances are accounted for on completion of delivery requirements.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over the period of the lease
Plant & machinery	-	25% straight line

1.5 Investments

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

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Work in progress

Project development costs, carried forward under work in progress, represent costs incurred on projects in development and are stated at the lower of cost and estimated net realisable value.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.12 Share options

The company has applied the requirements of FRS 20 Share-based Payments. The company issues equity-settled share-based payments to certain employees. These share options are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value of the share options issued is expenses on a straight line basis over the period to when management estimates the options will be exercised as adjusted for known vesting conditions.

Fair value is measured by use of the Black - Scholes pricing model. The principal assumptions made in the model are described in note 6.

1.13 Production sale and leaseback contracts

The company entered into sale and leaseback transactions during previous periods. The sale proceeds have been placed in separate bank deposit accounts to meet the future lease obligations and guarantees have been provided by banks to the lessors in respect of those obligations. On the basis that the deposit accounts do not confer any economic benefit on the company and the related lease liabilities do not represent a future sacrifice of economic benefit, the bank deposit balances and the related creditors have been netted off and excluded from the balance sheet.

2. TURNOVER

An analysis of turnover by geographical market by destination

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
United Kingdom	23,461,907	16,836,366
North America	2,392,350	3,585,651
Rest of Europe	468,558	733,923
Rest of the World	136,502	1,026,484
	<u>26,459,317</u>	<u>22,182,424</u>

All turnover was derived from the creation and exploitation of content for broadcast media

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

3. OPERATING PROFIT

The operating profit is stated after charging

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Depreciation of tangible fixed assets		
- owned by the company	496,520	705,562
- held under finance leases	932	-
Auditors' remuneration	29,053	25,991
Operating lease rentals		
- other operating leases	375,655	553,499
Difference on foreign exchange	21,104	1,779
	<u> </u>	<u> </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Wages and salaries	3,205,321	4,530,901
Social security costs	420,991	543,239
Other pension costs	102,098	94,696
	<u> </u>	<u> </u>
	3,728,410	5,168,836
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows

	Year ended 31 December 2011 No	18 months ended 31 December 2010 No
Management	7	7
Administration	22	19
Production, development and writing	22	19
	<u> </u>	<u> </u>
	51	45
	<u> </u>	<u> </u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5. DIRECTORS' REMUNERATION

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Emoluments	<u>1,004,223</u>	<u>1,580,896</u>
Company pension contributions to defined contribution pension schemes	<u>38,023</u>	<u>30,640</u>

During the year retirement benefits were accruing to 4 directors (2010 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £398,018 (2010 - £574,619)

6. SHARE BASED PAYMENTS

Equity-settled share option scheme

The company has implemented two enterprise management incentive share option schemes, one on the 30th November 2006 and the other on 25th January 2011. All share options granted after 25th January 2011, which includes all the options granted in 2011, will be under the new scheme.

Share options granted under the scheme are only exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under the scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale. A period of three years has been assumed between the grant and exercise of the share options.

At 31 December 2011, 13,480 (2010: 1,157) options were outstanding. If the options remain unexercised after a period of 10 years they expire. Options are forfeited if the employee leaves the group before they have been exercised.

The weighted average remaining contractual life of the share options outstanding at the end of the period was 9 years.

The aggregate of the estimated fair value of the share options granted in the year is £341,875, resulting in a charge of £104,462 (2010 - £nil) in the profit and loss account.

This is based on the Black – Scholes model using the following assumptions:

Share price at grant	£28.78
Exercise price	£1.00
Expected volatility	93%
Expected Life of option	3 Years
Risk-free rate	2.13%

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. INTEREST PAYABLE

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Other interest payable	5,739	96

8. TAXATION

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	741,804	275,531
Adjustments in respect of prior periods	-	(18,512)
Total current tax	741,804	257,019
Deferred tax (see note 16)		
Current year movement	(41,007)	67,989
Tax on profit on ordinary activities	700,797	325,008

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. TAXATION (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2010 - lower than) the composite rate of corporation tax in the UK of 26 50% (2010 - 28%) The differences are explained below

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Profit on ordinary activities before tax	<u>5,424,937</u>	<u>5,334,005</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 50% (2010 - 28%)	1,437,608	1,493,521
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,788	46,733
Capital allowances for year/period in excess of depreciation	49,086	76,088
Substantial shareholder relief on profit on disposal of investment	-	(1,260,000)
Adjustments to tax charge in respect of prior periods	-	(18,512)
Dividends from group companies	(784,027)	-
Tax deduction arising from exercise of employee options	27,675	-
Group relief	(9,955)	(80,811)
Other differences	(371)	-
Current tax charge for the year/period (see note above)	<u><u>741,804</u></u>	<u><u>257,019</u></u>

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Plant & machinery £	Total £
Cost			
At 1 January 2011	796,470	2,514,427	3,310,897
Additions	-	254,964	254,964
At 31 December 2011	<u>796,470</u>	<u>2,769,391</u>	<u>3,565,861</u>
Depreciation			
At 1 January 2011	406,970	1,565,757	1,972,727
Charge for the year	23,096	474,356	497,452
At 31 December 2011	<u>430,066</u>	<u>2,040,113</u>	<u>2,470,179</u>
Net book value			
At 31 December 2011	<u>366,404</u>	<u>729,278</u>	<u>1,095,682</u>
At 31 December 2010	<u>389,500</u>	<u>948,670</u>	<u>1,338,170</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Furniture, fittings and equipment	<u>43,811</u>	<u>-</u>

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 January 2011 and 31 December 2011	<u>1,336</u>	<u>357,502</u>	<u>358,838</u>
Net book value			
At 31 December 2011	<u>1,336</u>	<u>357,502</u>	<u>358,838</u>
At 31 December 2010	<u>1,336</u>	<u>357,502</u>	<u>358,838</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Hat Trick International Limited	Ordinary	100%
Hat Trick Television Limited	Ordinary	100%
KM Films Limited	Ordinary	100%
Hat Trick Music Limited	Ordinary	100%
Hat Trick East Inc	Ordinary	100%
Hat Trick Holdings Inc	Ordinary	100%
Hat Trick Entertainment Inc	Ordinary	100%

Name	Business	Registered office
Hat Trick International Limited	Distribution of content	England and Wales
Hat Trick Television Limited	Creation of content for broadcast media	England and Wales
KM Films Limited	Television production services	England and Wales
Hat Trick Music Limited	Dormant	England and Wales
Hat Trick East Inc	Creation of content for broadcast media	USA
Hat Trick Holdings Inc	Creation of content for broadcast media	USA
Hat Trick Entertainment Inc	Creation of content for broadcast media	USA

The aggregate of the share capital and reserves as at 31 December 2011 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Hat Trick International Limited	281,910	362,069
Hat Trick Television Limited	253,089	63,067
KM Films Limited	1	(1,250)
Hat Trick Music Limited	3	-
Hat Trick East Inc	32,672	13,407
Hat Trick Holdings Inc	408	3,011
Hat Trick Entertainment Inc	3,880	(6,231)

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. FIXED ASSET INVESTMENTS (continued)

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hat Trick Productions (IDOM) Limited	England and Wales	Ordinary	25%	Dormant
Plum Pictures Limited	England and Wales	Ordinary	25%	Creation of content for broadcast media
Toff Media Limited	England and Wales	Ordinary	50%	Creation of content for broadcast media

Associates

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Hat Trick Productions (IDOM) Limited	4	-
Plum Pictures Limited	238,208	(84,857)
Toff Media Limited	88,272	63,394

The financial information for Plum Pictures Limited and Toff Media Limited is for the year ended 30 June 2011

11. WORK IN PROGRESS

	2011 £	2010 £
Work in progress	64,721	99,244

12. DEBTORS

	2011 £	2010 £
Trade debtors	3,597,416	690,277
Amounts owed by group undertakings	1,410,848	1,879,490
Amounts owed by undertakings in which the company has a participating interest	23,138	221,692
Other debtors	406,629	68,353
Prepayments and accrued income	1,972,324	7,305,803
Deferred tax asset (see note 16)	70,897	29,890
	7,481,252	10,195,505

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. CASH AT BANK AND IN HAND

Included within the balance sheet figure of £1,370,775 (2010 - £2,570,778) are sums amounting to £1,186,233 (2010 - £704,825) held in production bank accounts and petty cash balances of £5,484 (2010 - £26,229) held on behalf of broadcasters who have commissioned work and advanced funds to cover future production costs

Within creditors (note 14) production advances, certain trade creditors and accruals represent the unexpended funds held on trust at the balance sheet date

14. CREDITORS

Amounts falling due within one year

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	8,523	-
Trade creditors	782,539	173,553
Amounts owed to group undertakings	2,690,982	3,141,077
Amounts owed to other participating interest	4,336	-
Corporation tax	391,940	-
Social security and other taxes	772,307	231,766
Other creditors	187,890	29,122
Accruals and deferred income	5,016,871	2,372,974
	<u>9,855,388</u>	<u>5,948,492</u>

15. CREDITORS

Amounts falling due after more than one year

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	<u>32,592</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between one and five years	<u>32,592</u>	<u>-</u>

The amounts due under finance leases are secured against the related assets

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. DEFERRED TAX ASSET

	2011 £	2010 £
At beginning of year/period	29,890	97,879
Released during/(charged for) year/period	41,007	(67,989)
At end of year/period	<u>70,897</u>	<u>29,890</u>

The deferred tax asset is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>70,897</u>	<u>29,890</u>

17. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
61,400 Ordinary shares of £0.01 each	<u>614</u>	<u>614</u>

18. RESERVES

	Capital redemption reserve £	Share option reserve £	Profit and loss account £
At 1 January 2011	600	5,389	8,607,440
Profit for the year			4,724,140
Dividends Equity capital			(12,959,357)
Movement on other reserves		104,462	
At 31 December 2011	<u>600</u>	<u>109,851</u>	<u>372,223</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	8,614,043	25,325,413
Profit for the year/period	4,724,140	5,008,997
Dividends (Note 20)	(12,959,357)	(21,720,367)
Share option charge	104,462	-
Closing shareholders' funds	<u>483,288</u>	<u>8,614,043</u>

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

20. DIVIDENDS

	Year ended 31 December 2011 £	18 months ended 31 December 2010 £
Dividends paid on equity capital	<u>12,959,357</u>	<u>21,720,367</u>

21. SALE AND LEASEBACK OF PRODUCTIONS

In the opinion of the directors the circumstances in which the company would incur any liabilities in respect of the sale and leaseback arrangements are so remote that no separate provision is required to be made for future lease obligations. The lease obligations are secured on the designated bank deposits. At the balance sheet date, the escrow accounts and corresponding leasing obligations amounted to £1,205,973 (2010 - £1,430,151)

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £102,098 (2010 - £94,696). There was no balance payable at the balance sheet date (2010 - nil).

23. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	2010 £
Expiry date		
After more than 5 years	<u>594,000</u>	<u>594,000</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

24. RELATED PARTY TRANSACTIONS

During the period, the company entered into transactions on an arms length basis, in the ordinary course of business, and had balances at the year end with the following related parties

	Year ended 31 December 2011	Year ended 31 December 2011	18 months ended 31 December 2010	18 months ended 31 December 2010
	Sales £	Debtor / (Creditor) £	Sales £	Debtor £
Plum Pictures Limited	394,808	23,138	477,457	143,606
Toff Media Limited	71,939	(4,336)	117,574	78,087

During the period, the company paid format fees of £25,720 (2010 - £63,224) to J Mulville, a director of the company

The company forms part of a wholly-owned group for which consolidated financial statements are publicly available and accordingly has taken advantage of the exemption allowed under Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other group entities

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling party is Hat Trick Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Hat Trick Holdings Limited is the parent company of the largest and smallest group of which Hat Trick Productions Limited is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements are available from the Registrar of Companies. The directors regard J Mulville, a director of the company, as the ultimate controlling party.