

**Company Registration No. 2797368**

**C4i Distribution Limited**

**Report and Financial Statements**

**31 March 2010**

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## **C4i Distribution Limited**

### **Report and financial statements 2010**

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# **C4i Distribution Limited**

## **Report and financial statements 2010**

### **Officers and professional advisers**

#### **Directors**

J Fox  
J Jackson

#### **Secretary**

A Protheroe

#### **Registered Office**

21-25 St Anne's Court  
London  
W1F 0BJ

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London

# C4i Distribution Limited

## Directors' report

The directors submit their report and the financial statements of C4i Distribution Limited for the year ended 31 March 2010. The company has taken the small company exemption granted under s415(A) (1)&(2) of the Companies Act 2006 and has prepared the Director's Report on this basis.

### Principal activity, review of the business and future developments

For the year to 31 March 2010 the C4i brand continued to specialise in the distribution of formats, documentaries, drama, comedy, animation, music and arts television programmes as part of the Digital Rights Group.

The directors agreed to transfer the company's trade, assets and liabilities to Digital Rights Group Limited, the parent company, on 1 April 2009, and as a consequence the company has ceased trading. As a result, the financial statements have been prepared on a basis other than a going concern basis, as described in note 1 to the Financial Statements.

### Results and dividends

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend (2009 £nil).

### Directors

The directors who served throughout the period, were as follows:

J Fox	Director
J Jackson	Director

### Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditors

Deloitte LLP accepted appointment as auditors for C4i Distribution Limited. They have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

J Fox  
Director

21 December 2010

Fox

## **C4i Distribution Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 judgements and accounting 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, 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 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.

## **Independent auditors' report to the members of C4i Distribution Limited**

We have audited the financial statements of C4i Distribution Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 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 (APB'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.

### **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 March 2010 and of its result 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.

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **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.

**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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

*M. Lee-Amies*

Mark Lee-Amies (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

~~2009~~

*29 December 2010*

## C4i Distribution Limited

### Profit and loss account Year ended 31 March 2010

		Year ended 31 March 2010 £	16 months ended 31 March 2009 £
	Notes		
Turnover	2	-	12,631,759
Cost of sales		-	(9,355,989)
<b>Gross profit</b>		-	3,275,770
Other operating expenses (net)	3	-	(3,821,341)
<b>Operating loss</b>		-	(545,571)
Net Finance charges	4	-	(159,874)
<b>Loss on ordinary activities before taxation</b>	5	-	(705,445)
Taxation	7	-	(203,865)
<b>Loss for the year</b>	14	-	(909,310)

The company transferred its operations to its parent company on 1 April 2009

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account



# C4i Distribution Limited

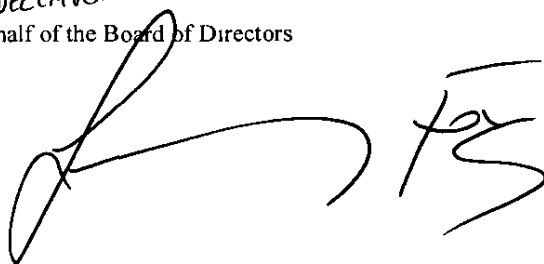
## Balance sheet 31 March 2010

	Notes	31 March 2010 £	31 March 2009 £
<b>Fixed assets</b>			
Intangible assets	8	-	2,704,995
		-	2,704,995
<b>Current assets</b>			
Stock	9	-	1,261,868
Debtors	10	1,838,359	6,093,195
Cash at bank and in hand		-	1,518,735
		1,838,359	8,873,798
<b>Creditors amounts falling due within one year</b>	11	-	(4,377,343)
<b>Net current assets</b>		1,838,359	4,496,455
Accruals and deferred income	12	-	(5,363,091)
<b>Net assets</b>		1,838,359	1,838,359
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account	14	1,837,359	1,837,359
<b>Shareholders' funds</b>	15	1,838,359	1,838,359

These financial statements, company number 2797368, were approved by the Board of Directors and authorised for issue on 21 December 2010

Signed on behalf of the Board of Directors

J Fox  
Director



## **C4i Distribution Limited**

### **Notes to the financial statements Year ended 31 March 2010**

#### **1. Accounting policies**

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

The company transferred its trade, assets and liabilities to its parent company on 1 April 2009 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the parent company at their book value.

##### **Accounting policies**

These financial statements have been prepared on the basis of the following accounting policies, which have been applied consistently for the current and preceding periods.

##### **Turnover**

Turnover is derived from the distribution of television programmes and is stated net of value added tax.

Revenue is recognised on confirmation of a licensing agreement as long as the programme is available for delivery. Under a license agreement, payments due from licensees may have a due date in the future. Such future payments are treated as accrued income and a provision made should there be any doubts about their expected recoverability.

##### **Intangible fixed assets and amortisation**

Amortisation is provided on a straight line basis over five years to write off the cost of the C4i Brand Fee over its estimated useful life.

##### **Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

##### **Taxation**

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recoverable against suitable taxable profits in future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## C4i Distribution Limited

### Notes to the financial statements Year ended 31 March 2010

#### Lease assets and obligations

All leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term

#### Stock

Stock includes advances paid to rights owners and is valued at the lower of cost or net realisable value. Advances can be recovered from revenues earned from those rights both during the financial year and in future years. Provision is made for any excess over the value of advances held as stock and the anticipated recovery from future revenues.

Developed film rights are stated at direct cost incurred up to the balance sheet date. Provision is made for any excess over the value of the film held in stock and the revenues the film is anticipated to earn. The main assumption employed to estimate future revenues are minimum contracted revenues and sales forecasts by territory.

#### Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as the company is a 100% direct subsidiary of Digital Rights Group Limited. The cash flow of the company is included in the consolidated financial statements of Digital Rights Group Limited, which are publically available.

## 2. Turnover

The company's turnover was all derived from its principal activity. A geographical split of turnover is as follows:

	Year ended 31 March 2010 £	16 months ended 31 March 2009 £
United Kingdom	-	153,421
USA and Canada	-	2,786,509
Europe	-	4,865,289
Rest of World	-	4,826,540
	<u>-</u>	<u>12,631,759</u>

## C4i Distribution Limited

### Notes to the financial statements Year ended 31 March 2010

#### 3 Other operating expenses

	Year ended 31 March 2010 £	16 months ended 31 March 2009 £
Marketing and publicity costs	-	586,262
Administration expenses	-	3,235,079
	<u>-</u>	<u>3,821,341</u>

#### 4 Finance charges

	Year ended 31 March 2010 £	16 months ended 31 March 2009 £
Bank interest receivable	<u>-</u>	<u>24,813</u>
Interest payable and similar expenditure		
Interest payable at 10% per annum on intercompany balance due to <i>holding company</i>	-	(62,766)
Unwinding of discount on deferred consideration	-	(121,921)
	<u>-</u>	<u>(184,687)</u>
Finance charges total	<u>-</u>	<u>159,874</u>

## C4i Distribution Limited

### Notes to the financial statements Year ended 31 March 2010

#### 5. Loss on ordinary activities before taxation

	Year ended 31 March 2010	16 months ended 31 March 2009
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Amortisation of intangible fixed assets	-	663,335
Exchange gains	-	(549,024)
Fees payable to the company's auditors for the audit of the company's annual financial statements	-	35,500

The audit fee in respect of the audit of the company's financial statements of £2,000 (2009 £35,500) was borne by another group company in the current period

#### 6 Employees

	Year ended 31 March 2010 No	16 months ended 31 March 2009 No
The average monthly number of persons (including directors) employed by the company during the period was		
Office and management	-	10
	2010	2009
	£	£
Staff costs for above persons		
Wages and salaries	-	1,342,935
Social security costs	-	77,041
	-	1,419,976

No remuneration (2009 £nil) was paid to directors during the period

## C4i Distribution Limited

### Notes to the financial statements Year ended 31 March 2010

#### 7 Taxation

##### (a) Tax charge

The tax charge comprises

	Year ended 31 March 2010 £	16 months ended 31 March 2009 £
Current tax		
UK corporation tax credit on loss for the period	-	(200,645)
Overseas tax	-	364,155
Prior year adjustment	-	40,355
	<hr/>	<hr/>
Current tax charge	-	203,865

##### (b) Factors affecting tax charge for period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	Year ended 31 March 2010 £	16 months ended 31 March 2009 £
Loss on ordinary activities before tax	-	(705,445)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28.5% (2009 28%)	-	(201,052)
Effects of		
Expenses not deductible for tax purposes	-	42,678
Loss arising in the period carried forward	-	(32,239)
Irrecoverable withholding tax suffered	-	364,155
Prior year adjustment	-	40,355
Benefit of tax rate change	-	(10,032)
	<hr/>	<hr/>
Current tax charge	-	203,865

##### (c) Factors that may affect the future tax charge

There is no deferred tax asset at the year end (2009 unrecognised deferred tax asset of £70,291) in respect of timing differences arising from trading losses carried forward as all brought forward trade losses were transferred with the operations of the business to Digital Rights Group Limited on 1 April 2009

# C4i Distribution Limited

## Notes to the financial statements Year ended 31 March 2010

### 8 Intangible fixed assets

<b>Cost</b>	<b>£</b>
At 1 April 2009	3,368,330
Disposals	(3,368,330)
At 31 March 2010	-
<b>Accumulated depreciation</b>	
At 1 April 2009	663,335
Adjustment on disposal	(663,335)
At 31 March 2010	-
<b>Net book value</b>	
At 31 March 2010	-
At 31 March 2009	2,704,995

### 9 Stock

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Advances	-	1,261,868

### 10 Debtors

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Trade debtors	-	1,272,724
Amounts owed by group undertakings	1,838,359	644,672
Other debtors	-	457,700
Prepayments and accrued income	-	3,240,969
Corporation tax	-	477,130
	<b>1,838,359</b>	<b>6,093,195</b>

# C4i Distribution Limited

## Notes to the financial statements Year ended 31 March 2010

### 11 Creditors amounts falling due within one year

	31 March 2010 £	31 March 2009 £
Trade creditors	-	328,830
Other creditors	-	1,850,938
Deferred consideration	-	1,487,358
Amounts owed to group undertakings	-	710,217
	<u>-</u>	<u>4,377,343</u>

### 12. Accruals and deferred income

	31 March 2010 £	31 March 2009 £
Accruals and deferred income	-	5,363,091
	<u>-</u>	<u>5,363,091</u>

### 13 Share capital

	31 March 2010 £	31 March 2009 £
Allotted, issued and fully paid: 1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 14 Reconciliation and movement on reserves

	31 March 2010 £	31 March 2009 £
Reserves brought forward	1,837,359	2,746,669
Loss for the period	-	(909,310)
	<u>1,837,359</u>	<u>1,837,359</u>



## C4i Distribution Limited

### Notes to the financial statements Year ended 31 March 2010

#### 15 Reconciliation of shareholders' funds

	31 March 2010 £	31 March 2009 £
Opening shareholders' funds	1,838,359	2,747,669
Loss for the period	-	(909,310)
Closing shareholders' funds	<u>1,838,359</u>	<u>1,838,359</u>

#### 16 Financial commitments

	31 March 2010 Total £	31 March 2009 Total £
Financial commitments fall due for payment as follows		
Within one year	-	1,278,549
After more than one year	-	1,500,000
	<u>-</u>	<u>2,778,549</u>

There are no annual commitments under non-cancellable operating leases

#### 17 Controlling party

The immediate parent undertaking is Digital Rights Group Limited, which is the parent of the smallest UK group in which this company is consolidated. Group accounts are available from the registered office at 21-25 St Anne's Court, London W1F 0BJ. The company's ultimate parent undertaking and controlling party is Ingenious Media Active Capital Limited ("IMAC"), a company registered in Guernsey, which is the parent of the largest group in which this company is consolidated. The accounts of IMAC are available from the registered office at Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey GY1 3TX.

#### 18 Related party transactions

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 100% or more of whose voting rights are controlled within the group. There were no other related party transactions or balances requiring disclosure.

During the year ended 31 March 2010 there were no transactions with IMAC (2009: none).