

ALL3MEDIA International Limited

Directors' report and financial statements

For the year ended 31 August 2008
Registered number 3203247

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Contents

Directors' report	1-2
Independent auditors' report to the members of ALL3MEDIA International Limited	3
Profit and loss account	4
Reconciliation of movements in shareholders' funds	5
Balance sheet	6
Notes to the financial statements	7-13

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2008.

Principal activity and review of the business

The principal activity of the company is the distribution of television programmes. The directors do not anticipate any changes in those activities over the coming year.

Results and dividends

The profit for the year, after taxation, amounted to £1,666,105 (2007: £117,276). A final dividend of £225,000 per £1 ordinary share amounting to £450,000 was paid on 22 August 2008. The aggregate dividends on ordinary shares during the year amounts to £1,100,000 (2007: 800,000).

Future outlook

The commercial environment in which the company operates remains competitive, but the directors believe that the company's position as one of the leading distribution of television programmes will enable it to maintain its current position in the future.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other distributors of television programmes and the success of the company's programming available for worldwide distribution. Further discussion of these risks and uncertainties, in the context of the ALL3MEDIA Holdings Limited group (the "group") as a whole, is provided on page 4 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors of ALL3MEDIA Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of ALL3MEDIA International Limited. The development, performance and position of ALL3MEDIA Holdings Limited group, which includes the company, is discussed on page 5 of the group's annual report which does not form part of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

J Burns
S Morrison

At 31 August 2008, J Burns and S Morrison were also directors of ALL3MEDIA Holdings 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 period. 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). The financial statements are required by law to 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 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 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



J Pfeil
Company Secretary

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Date: 4 March 2009

Independent auditors' report to the members of ALL3MEDIA International Limited

We have audited the financial statements of ALL3MEDIA International Limited for the year ended 31 August 2008 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body 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 other 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date: 4 March 2009

Profit and loss account for the year ended 31 August 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	18,534,961	5,233,934
Cost of sales		(13,840,807)	(3,912,320)
		<hr/>	<hr/>
Gross profit		4,694,154	1,321,614
Distribution costs		(2,443,372)	(1,008,470)
Other operating income		17,950	8,105
		<hr/>	<hr/>
Operating profit	3	2,268,732	321,249
Other interest receivable and similar income	6	126,024	27,350
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,394,756	348,599
Taxation	7	(728,651)	(231,323)
		<hr/>	<hr/>
Profit for the financial year		1,666,105	117,276
		<hr/>	<hr/>

All amounts relating to turnover and operating profit in the current and previous year derive from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical costs equivalents.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 7 to 13 form part of these financial statements.

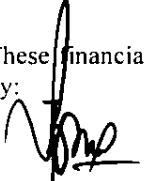
Reconciliation of movements in shareholders' funds for the year ended 31 August 2008

	2008 £	2007 £
Profit for the financial year	1,666,105	117,276
Dividend	(1,100,000)	(800,000)
	<hr/>	<hr/>
Net change in shareholders' funds	566,105	(682,724)
Opening shareholders' funds	1,071,435	1,447,351
FRS 20 Share based payments adjustment	-	306,808
	<hr/>	<hr/>
Closing shareholders' funds	1,637,540	1,071,435
	<hr/>	<hr/>

Balance sheet as at 31 August 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	9	17,868	17,749
Current assets			
Debtors	10	10,529,936	10,292,490
Cash at bank and in hand		3,625,189	2,138,745
		14,155,125	12,431,235
Creditors: amounts falling due within one year	11	(11,189,992)	(10,041,424)
Net current assets		2,965,133	2,389,811
Total assets less current liabilities		2,983,001	2,407,560
Creditors: amounts falling due after more than one year	12	(1,345,461)	(1,336,125)
Net total assets		1,637,540	1,071,435
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		1,330,730	764,625
Reserves	14	306,808	306,808
Total shareholders' funds		1,637,540	1,071,435

These financial statements were approved by the board of directors on 4 March 2009 and were signed on its behalf by:


J Burns
Director

The notes on pages 7 to 13 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Share based payments

The ALL3MEDIA Group (the "Group") operates an employee share scheme which allows certain employees to acquire shares in the ultimate parent company of the Group. The fair value of shares issued less amounts paid by employees to receive title to the shares are charged to operating expenses with a corresponding increase in equity. The fair value is measured at the date of issue, and the charge spread over the period up to the forecast vesting date.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the Group. Group financial statements are prepared and publicly available.

Turnover

Turnover and attributable profits are recognised in accordance with the company's right to receive revenue based on the contracted position. For finished programmes and formats distributed by the company, revenue is recognised once contracted and invoiced provided that the product is available for delivery.

Taxation

Corporation tax is payable on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantially enacted at 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 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 exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is probable 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 years 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 (continued)

1 Accounting policies (continued)

Royalties

Royalties payable to producers or rights holders are recognised as cost of sales on an accruals basis in accordance with the turnover recognised.

Fixed assets and depreciation

Fixed assets are initially stated at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of tangible fixed assets evenly over their estimated useful lives at the following annual rates:

Furniture & fittings –	20%
Technical equipment –	25%
Computer equipment –	33%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life.

Pensions

The company contributes to a defined contribution personal pension scheme. The contributions to this scheme are charged to the profit and loss account in the year in which the contributions are payable.

Translation of 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.

2 Analysis of turnover by geographical market

	2008 £	2007 £
United Kingdom	2,671,616	-
Rest of the world	15,863,345	5,233,934
	<u>18,534,961</u>	<u>5,233,934</u>

3 Operating profit

	2008 £	2007 £
<i>This is stated after charging</i>		
Auditors' remuneration:		
Audit services	30,900	12,000
Exchange losses	-	4,458
	<u>30,900</u>	<u>16,458</u>

Notes to the financial statements (continued)

4 Directors emoluments

Directors' remuneration in 2008 was £nil (2007: £nil).

The directors are remunerated by ALL3MEDIA Limited, and details of their emoluments and pension payments are available in the financial statements of that company.

5 Employee information

The average monthly number of persons employed by the company during the year (including directors) is shown below.

	Number of employees	
	2008	2007
Directors	2	2
Managing Director	1	1
Sales & Distribution	13	-
Administration	8	-
	<hr/>	<hr/>
	24	3
	<hr/>	<hr/>

	2008	2007
	£	£
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,282,021	151,923
Social security costs	127,154	18,636
Pension costs	36,549	6,274
	<hr/>	<hr/>
	1,445,724	176,833
	<hr/>	<hr/>

No share based payments were recognised in the current year (2007: £306,808) as part of the adoption of FRS20, see Note 1 (share based payments).

6 Other interest receivable and similar income

	2008	2007
	£	£
Bank interest receivable	-	1,652
Interest receivable from the parent company	126,024	25,698
	<hr/>	<hr/>
	126,024	27,350
	<hr/>	<hr/>

Notes to the financial statements (continued)

7 Taxation

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
Current tax		
UK corporation tax	456,926	42,244
Adjustment in respect of prior years	20,281	9,613
Foreign tax: current tax on income for year	258,510	179,467
Total current tax	735,716	231,323
Deferred tax	(7,065)	-
Tax on profit on ordinary activities	728,651	231,323

b) Factors affecting the tax charge for the current year

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1st April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 29.165% and will be taxed at 28% in the future. The tax charge for the year is higher than the effective rate of corporation tax in the UK of 29.165%. The differences are explained below.

	2008 £	2007 £
Profit on ordinary activities before taxation	2,394,756	348,599
Profit on ordinary activities multiplied by the standard rate in the UK at 29.165% (2007: 30%)	698,431	104,580
<i>Effects of:</i>		
Adjustment in respect of prior years	20,281	9,613
FRS 20 adjustment	-	92,042
Depreciation for the year in excess of capital allowances	4,118	(1,332)
Transfer pricing adjustment	2,274	26,420
Expenses not deductible for tax purposes	10,612	-
Total current tax charge for the year	735,716	231,323

Notes to the financial statements (continued)

7 Taxation (continued)

c) Deferred taxation

The deferred taxation included in the balance sheet is as follows:

	2008 £	2007 £
Included in debtors (note 10)	16,401	-
Depreciation in advance of capital allowances	16,401	-

8 Dividends

	2008 £	2007 £
Equity – ordinary		
Interim paid: £325,000 (2007: £200,000) per £1 share	650,000	400,000
Final Paid: £225,000 (2007: £200,000) per £1 share	450,000	400,000
	1,100,000	800,000

9 Tangible Fixed Assets

	Furniture, computer & technical equipment £
Cost	
At 1 September 2007	17,749
Additions	14,239
At 31 August 2008	31,988
Accumulated depreciation	
At 1 September 2007	-
Charge for year	(14,120)
At 31 August 2008	(14,120)
Net book value:	
At 31 August 2008	17,868
At 31 August 2007	17,749

Notes to the financial statements (continued)

10 Debtors

	2008 £	2007 £
Trade debtors	5,639,015	6,636,678
Amounts owed by the parent company	1,119,609	1,354,861
Amounts owed by other inter-group companies	4,637	-
Other debtors	58,701	886
Prepayments and accrued income	2,071,155	1,228,363
Value added tax	345,105	211,830
Withholding tax	-	179,467
Deferred Tax	16,401	-
External distribution advances	270,703	348,783
Inter-group distribution advances	1,004,610	331,622
	<hr/> 10,529,936 <hr/>	<hr/> 10,292,490 <hr/>

Amounts falling due after more than one year included in the above are:

Trade debtors	<hr/> 648,512 <hr/>	<hr/> 558,635 <hr/>
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Amounts owed by the parent company and other inter-group companies are interest-free, unsecured and repayable on demand.

11 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	5,991,677	4,268,034
Bank overdraft	-	521,739
Amounts owed to fellow subsidiary undertakings	2,624,743	2,015,664
Accruals and deferred income	2,232,192	3,155,720
UK corporation tax	292,211	-
Other taxation & social security creditors	35,816	67,824
Other creditors	13,353	12,443
	<hr/> 11,189,992 <hr/>	<hr/> 10,041,424 <hr/>

Notes to the financial statements (continued)

12 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts owed to fellow subsidiary undertakings	1,345,461	1,336,125
	<u>1,345,461</u>	<u>1,336,125</u>

Amounts owed to group undertakings includes an unsecured non-trading loan of £1,345,461 (2007: £1,336,125). This is repayable on demand following the settlement of all outstanding loan amounts due under the Interim Loan Agreement between All3MEDIA Finance Limited and the Royal Bank of Scotland plc dated 31 July 2006, the final amount of which falls due on 31 August 2016.

13 Called up share capital

	2008 £	2007 £
<i>Authorised</i> 1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted and fully paid</i> 2 ordinary shares of £1 each	2	2

14 Reserves

The effect of the change in accounting policy to adopt FRS 20 was to decrease the profit for the year by £nil (2007: £306,808) and to recognise a credit in other reserves of an equal amount.

15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

16 Ultimate and immediate parent company and controlling party

The company's immediate parent undertaking is ALL3MEDIA Limited. In the directors' opinion, the company's ultimate parent undertaking is ALL3MEDIA Holdings Limited. ALL3MEDIA Holdings Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 August 2008. Copies of its consolidated financial statements, which include the company, are available from Berkshire House, 168-173 High Holborn, London, WC1V 7AA.

The ultimate controlling party at the balance sheet date was Permira Holdings Limited, a company which owns Permira Europe III G.P. Limited, the general partner of Permira Europe III.