

**Company Registration No. 3264005 (England and Wales)**

**RIDGEWAY FILMS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 FEBRUARY 2009**

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## **Ridgeway Films Limited**

### **Company information**

Directors	P R Ashworth	(appointed 15 August 2008)
	E Ellenbogen	(appointed 1 April 2009)
	J Engelman	(appointed 1 April 2009)
	N W Lowe	(appointed 30 September 2009)
	I Fishman	(resigned 31 October 2008)
	E A Gaines	(resigned 15 August 2008)
	M V Heap	(resigned 18 March 2008)
	N J T Phillips	(appointed 18 March 2008 and resigned 5 December 2008)
	E M Knighton	(appointed 31 October 2008 and resigned 30 September 2009)
Secretary	I Fishman	(resigned 8 December 2008)
	P R Ashworth	(appointed 8 December 2008)
Company Number	3264005	
Registered Office	Royalty House 72-74 Dean Street London W1D 3SG	
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB	

# Ridgeway Films Limited

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## **Directors' Report**

The Directors present their report and financial statements of Ridgeway Films Limited (the Company') for the period 14 month period ended 28 February 2009

### **Principal Activities and Review of the Business**

The principal activity of the Company is the commercialisation of children's characters and brands. The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

### **Ultimate Parent Company**

During the period ended 28 February 2009, the immediate and ultimate parent undertaking and controlling related party was Entertainment Rights Plc, a company incorporated in England and Wales. As disclosed in note 14 to the financial statements, the immediate and ultimate parent of the Company at present are Classic Media UK Limited and GTCR Golden Rauner, LLC respectively.

### **Accounting reference date**

During the period, the accounting reference date of the Company has been changed from 31 December to 28 February to provide additional time to fully assess the key quarter four trading period and therefore, results for the current period are for the fourteen months ended 28 February 2009.

### **Post Balance Sheet Events**

On 1 April 2009, the directors of Entertainment Rights Plc appointed Administrators, pursuant to paragraph 22 of schedule B1 to the Insolvency Act 1986. On 2 April 2009, Entertainment Rights Plc (acting by its joint Administrators) then sold the shares in the Company to Classic Media UK Limited, incorporated in England and Wales on 27 March 2009 and owned by GTCR Golden Rauner LLC.

### **Results and Dividends**

The results for the period are set out on page 5. The Directors do not recommend the payment of a dividend (2007 £nil).

### **Political and charitable contributions**

The Company made no political or charitable donations or incurred any disclosable political expenditure during the period (2007 £nil).

### **Going Concern**

The financial statements for the period ended 28 February 2009 have been prepared on a going concern basis, notwithstanding the net liability of £97,812, since bulk of the liability relates to inter-company balances and the intermediate parent of the Company, Boomerang Media Holdings LLC, has issued a letter of support stating that it is its current intention to make sufficient funding available to the Company to trade and to meet its obligations as and when they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

## **Directors' Report** *(continued)*

### **Directors**

The following directors held office during the period and up to the date of this report

P R Ashworth	(appointed 15 August 2008)
E Ellenbogen	(appointed 1 April 2009)
J Engelman	(appointed 1 April 2009)
N W Lowe	(appointed 30 September 2009)
I Fishman	(resigned 31 October 2008)
E A Gaines	(resigned 15 August 2008)
M V Heap	(resigned 18 March 2008)
N J T Phillips	(appointed 18 March 2008 and resigned 5 December 2008)
E M Knighton	(appointed 31 October 2008 and resigned 30 September 2009)


### **Disclosures of information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each Director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditor**

KPMG LLP have not been re-appointed as auditors. In accordance with Section 487 of the Companies Act 2006, a resolution for the appointment of PricewaterhouseCoopers as the auditors of the Company is to be proposed at the forthcoming annual general meeting

On behalf of the Board



**Paul Ashworth**  
Director

28 June 2010

## **Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these 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 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities



## **Independent Auditors' Report to the Members of Ridgeway Films Limited**

We have audited the financial statements of Ridgeway Films Limited for the period ended 28 February 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 the auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and the UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 28 February 2009 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London  
28 June 2010

**Profit and Loss Account**  
**for the period ended 28 February 2009**

	Notes	Period ended 28 February 2009	Year ended 31 December 2007
		£	£
<b>Turnover</b>	2	-	-
Cost of sales		(157,083)	(14,505)
<b>Gross loss</b>		<u>(157,083)</u>	<u>(14,505)</u>
Administrative expenses		<u>(75,103)</u>	<u>(1,000)</u>
<b>Operating loss</b>		(232,186)	(15,505)
Interest payable and similar charges		-	-
<b>Loss on ordinary activities before taxation</b>	3	<u>(232,186)</u>	<u>(15,505)</u>
Taxation on profit on ordinary activities	4	-	-
<b>Retained loss for the period</b>	9	<u>(232,186)</u>	<u>(15,505)</u>

The results shown above are derived wholly from continuing operations

There were no recognised gains or losses in either the current or prior period other than those shown in the profit and loss account. Consequently, a statement of total recognised gains and losses has not been prepared.

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

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



**Balance Sheet**  
**at 28 February 2009**

	Notes	28 February 2009 £	31 December 2007 £
<b>Fixed assets</b>			
Intangible assets	5	-	157,083
		-	157,083
<b>Current assets</b>			
Debtors amounts falling due within one year	6	-	75,103
		-	75,103
<b>Creditors: amounts falling due within one year</b>	7	(97,812)	(97,812)
<b>Net current liabilities</b>		(97,812)	(22,709)
<b>Total assets less current liabilities</b>		(97,812)	134,374
Provision for liabilities and charges		-	-
<b>Net (liabilities) / assets</b>		(97,812)	134,374
<b>Capital and reserves</b>			
Called up share capital	8, 9	167,500	167,500
Share premium account	9	167,500	167,500
Profit and loss account	9	(432,812)	(200,626)
<b>Equity shareholders' (deficit) / funds</b>	9	(97,812)	134,374

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

The financial statements were approved by the Board of Directors on 28 June 2010 and signed on its behalf by

  
**Paul Ashworth**  
 Director

## **Notes to the Financial Statements**

### **1. Accounting Policies**

#### **Basis of preparation**

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Going concern**

As noted in the Directors' report, these financial statements have been prepared on a going concern basis, notwithstanding the net liability of £97,812 as at 28 February 2009, since the intermediate parent of the Company, Boomerang Media Holdings LLC, has issued a letter of support stating that it is its current intention to make sufficient funding available to the Company to trade and to meet its obligations as and when they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. Furthermore, the Directors have reviewed the Company's future revenue and cash flow projections and have formed a judgement that at the time of approval of these financial statements, based on these projections, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For the above reasons, the Directors are satisfied that the going concern basis is appropriate in preparing these accounts.

#### **Turnover**

##### **Television distribution and production**

Income recognised represents the value of licence fees including withholding tax but excluding VAT. The Company's policy is to recognise the income and associated royalty payable when all of the following criteria are met:

- A licence agreement has been signed by both parties,
- The licensee is able to freely exploit its rights,
- The licensor has no remaining performance obligations,
- The arrangement is fixed and determinable,
- Collection of the arrangement fee is reasonably assured, and
- Delivery to the broadcaster has occurred.

Any licence fees received in advance which do not meet all of the above criteria are included in deferred income until the above criteria are met.

##### **Consumer products' licensing and video**

Revenue from licence and video sales are recognised on the date that the licence revenue is contracted or royalties declared by licensees. Up-front fixed fees are recognised as revenue on contract signature if the following additional criteria are met:

- The contract is non-cancellable,
- The licensee is able to exploit its rights freely, and
- The Company has no significant remaining obligations to perform under contract.

#### **Trademarks and copyrights**

A charge is made within cost of sales to write down the cost of trademarks and copyrights on a straight-line basis over their useful lives of up to 15 years (2007: 20 years). The estimated useful lives for determining the amortisation charge are reviewed annually. Please refer to note 5 for details.

#### **Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences, without discounting, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

## Notes to the Financial Statements (continued)

### 1. Accounting Policies (continued)

#### Joint arrangement

The Company was incorporated for the purposes of trading through a joint arrangement "The Tidings Film and Television Partnership" for the production of The Tidings Films. The Company has a 25% share in partnership profits and losses and accounts for its own share of its assets, liabilities and cash flows in the joint arrangement.

#### Cash flow statement

As the company is a small company as defined within Section 249 of the Companies Act 1985, the Company is exempt from the requirement to prepare a cash flow statement.

### 2. Turnover

The total turnover of the Company for the period has been derived from its principal activity wholly originating in the United Kingdom and predominantly destined for the United Kingdom. Further disclosures have not been provided in respect of profit before taxation and net assets as the Company operates solely in the United Kingdom.

### 3. Loss before taxation on ordinary activities

Loss before taxation on ordinary activities is stated after charging

	<b>28 February 2009</b>	31 December 2007
	£	£
Amortisation of intangible assets	20,931	14,505
Impairment of intangible assets	136,152	-
Auditor's remuneration		
- Audit of these financial statements	<u>2,000</u>	<u>1,000</u>

## Notes to the Financial Statements (continued)

### 4. Taxation

The UK standard corporation tax rate changed from 30% to 28% from 1 April 2008, resulting in a combined rate of 28.5% for the period ended 28 February 2009

#### (a) Analysis of taxation charge in the period

	28 February 2009	31 December 2007
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<i>Foreign tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
 Total current tax	 <u>-</u>	 <u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing difference	-	-
Deferred tax asset written off	-	-
	<u>-</u>	<u>-</u>

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

<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(232,186)</u>	<u>(15,505)</u>
 Current tax at 28.5% (2007:30%)	 (66,173)	 (4,652)
 <i>Effects of</i>		
Expenses not deductible for tax purposes	20,834	-
Imputed interest receivable / (payable)	1,563	(511)
Group relief surrendered	-	5,163
Tax losses carried forward	<u>43,776</u>	<u>-</u>
 Current tax charge for the period (Note 4 (a))	 <u>-</u>	 <u>-</u>

#### (c) Factors that may affect future tax charges

The Company has unrecognised tax losses of £274,217 (2007 £105,061) that may be available for relief against future trading profits

A deferred tax asset has not been recognised in relation to the tax losses carried forward of £274,217 on the basis that there is currently insufficient evidence that there will be enough trading profits for the asset to be realised in the foreseeable future

## Notes to the Financial Statements (continued)

### 5. Intangible fixed assets

	<b>Trademarks and copyrights £</b>
<b>Cost</b>	
At 1 January 2008	313,966
Additions	-
<b>At 28 February 2009</b>	<b><u>313,966</u></b>
<b>Amortisation</b>	
At 1 January 2008	156,883
Charge for the period	20,931
Impairment	136,152
<b>At 28 February 2009</b>	<b><u>313,966</u></b>
<b>Net book value</b>	
<b>At 28 February 2009</b>	<b><u>-</u></b>
At 31 December 2007	<u>157,083</u>

#### Amortisation and impairment charges

The amortisation and impairment charges are recognised within cost of sales in accordance with the accounting policies of the Company as described in note 1

As a result of the distress experienced by the Company during the period as discussed in the Directors' Report, a number of indications of impairment were identified and accordingly, an impairment review was carried out on the intangible assets of the Company as at 28 February 2009, which resulted in an impairment charge of £136k during the period (2007 £nil)

The impairment test was based on value in use calculations, using the Company's pre-tax weighted average cost of capital ("WACC") of 27%

The impairment charge has resulted primarily due to the wider economic climate, industry-specific challenges (such as the closure of key retailer such as Woolworths, Zavvi etc ), and the anticipated decline in traditional exploitation platforms (such as DVD)

#### Change in estimates

The estimated useful lives for determining the amortisation charge are reviewed annually and have been revised down from 20 years to 15 years during the period as a result of the impairment recognised above. Accordingly, the amortisation charge for the year is £20.9k

If the amortisation charge is calculated on the previously employed basis of the estimated useful life of 20 years, the charge for the year would have been £15.6k. The impact in future periods is expected to be similar to that in the current period.

## Notes to the Financial Statements (continued)

### 6. Debtors: amounts falling due within one year

	28 February 2009 £	31 December 2007 £
Amounts owed by group undertakings	-	75,103
	-	75,103

### 7. Creditors: amounts falling due within one year

	28 February 2009 £	31 December 2007 £
Amounts owed to group undertakings	97,812	97,812
	97,812	97,812

### 8. Share capital

	28 February 2009 £	31 December 2007 £
<b>Authorised</b>		
335,000 Ordinary shares of 50p each	167,500	167,500
<b>Allotted called up and fully paid</b>		
335,000 Ordinary shares of 50p each	167,500	167,500

### 9. Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Share premium £	account £	Total £
At 1 January 2008	167,500	167,500	(200,626)	134,374
Loss for the period	-	-	(232,186)	(232,186)
<b>At 28 February 2009 / 31 December 2007</b>	<b>167,500</b>	<b>167,500</b>	<b>(432,812)</b>	<b>(97,812)</b>

### 10. Contingent liabilities

There were no contingent liabilities at 28 February 2009 or 31 December 2007

## Notes to the Financial Statements (continued)

### 11. Capital commitments

There were no capital commitments at 28 February 2009 or 31 December 2007

### 12. Employees

There were no employees during the period (2007 nil) apart from the Directors. The Directors received no remuneration for their services to the Company during the period (2007 £ nil)

### 13. Related Party Transactions

All the following transactions were undertaken with companies under the control of the ultimate parent company during the period, Entertainment Rights Plc. There were no other related party transactions.

	28 February 2009 £	31 December 2007 £
Audit fees incurred by fellow group companies * and recharged to the Company during the period	2,000	1,000
Provision made against receivables from fellow group companies * during the period	73,103	-

\* - Fellow group companies include Classic Media Distribution Limited, Link Licensing Limited, Tell-Tale Productions Limited and The Sleepy Kid Company Limited

Other receivables (including provisions) from and payables to related parties as at the period end and the prior year are as follows

Company	Gross Receivable as at 28 February 2009 £	Provision against receivables as at 28 February 2009 £	Net Payable as at 28 February 2009 £	Net Position as at 28 February 2009 £
Classic Media Distribution Ltd	58,244	(58,244)	-	-
Entertainment Rights Plc	-	-	(97,812)	(97,812)
Sinol Ltd	14,859	(14,859)	-	-
	73,103	(73,103)	(97,812)	(97,812)

## Notes to the Financial Statements (continued)

### 13. Related Party Transactions (continued)

Company	Gross Receivable as at 31 December 2007	Provision against receivables as at 31 December 2007	Net Payable as at 31 December 2007	Net Position as at 31 December 2007
	£	£	£	£
Classic Media Distribution Ltd	60,244	-	-	60,244
Entertainment Rights Plc	-	-	(97,812)	(97,812)
Sinol Ltd	14,859	-	-	14,859
	<u>75,103</u>	<u>-</u>	<u>(97,812)</u>	<u>(22,709)</u>

### 14. Ultimate parent undertaking

During the 14 months to February 2009 the immediate and ultimate parent undertaking and controlling related party was Entertainment Rights Plc, a company incorporated in England and Wales. As disclosed in note 15 to the financial statements, the immediate and ultimate parent of the Company at present are Classic Media UK Limited and GTCR Golden Rauner, LLC respectively.

### 15. Post – balance sheet event

On 1 April 2009, the directors of Entertainment Rights Plc appointed Administrators, pursuant to paragraph 22 of schedule B1 to the Insolvency Act 1986. On 2 April 2009, Entertainment Rights Plc (acting by its joint Administrators) then sold the shares in the Company to Classic Media UK Limited whose ultimate parent company is GTCR Golden Rauner, LLC.