

Shed Productions (Jailbirds) Limited

DIRECTORS' REPORT AND ACCOUNTS

For the year ended 31 August 2006



Company Registration Number: 3613050

Shed Productions (Jailbirds) Limited

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M Chadwick
B Park
E Gallagher
A McManus
J Kemp

SECRETARY

J Kemp

COMPANY NUMBER

3613050

REGISTERED OFFICE AND BUSINESS ADDRESS

2 Holford Yard
London
WC1X 9HD

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANKERS

Barclays Bank Plc
27 Soho Square
London W1D 3QR

Shed Productions (Jailbirds) Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Shed Productions (Jailbirds) Limited for the year ended 31 August 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the production and exploitation of television programmes.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Business review

The profit for the year after taxation amounted to £1,987 (2005: profit £19,927).

In the current period the company received receipts from international and DVD sales of Bad Girls Series 1 and had costs associated with the depreciation of the film asset.

Future Outlook

In future periods the company will continue to receive receipts from international and DVD sales and is likely to produce additional television programming.

Principal risks

The directors of Shed Productions plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance and position of Shed Productions (JB) Limited's business. The principal risks and uncertainties of Shed Productions plc, which include those of the company, are discussed on page 12 of the group's annual report, which does not form part of this report.

Key performance indicators

The directors of Shed Productions plc manage the group's operations at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that an analysis of the group's key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business of Shed Productions (JB) Limited's business. The development, performance and position of Shed Productions plc, which include those of the company, are discussed on page 11 of the group's annual report, which does not form part of this report.

DIVIDENDS

The directors do not recommend the payment of an ordinary dividend (2005: £Nil).

DIRECTORS

The following directors have held office since 1 September 2005

M Chadwick
B Park
E Gallagher
A McManus
J Kemp

Shed Productions (Jailbirds) Limited

DIRECTORS' REPORT

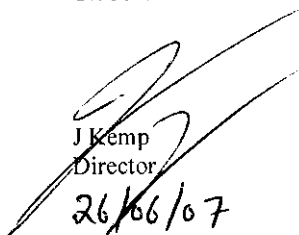
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 have 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.

AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board



J Kemp
Director
26/06/07

Shed Productions (Jailbirds) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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). 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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' REPORT TO THE MEMBERS OF SHED PRODUCTIONS
(JAILBIRDS) LIMITED
For the year ended 31 August 2006

We have audited the financial statements on pages 6 to 13.

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 auditors

The directors' responsibilities for preparing the Annual Report and 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).

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 August 2006 and of its profit for the year then ended and 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.

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

27 June 2007

Shed Productions (Jailbirds) Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 August 2006

	Notes	2006 £	2005 £
TURNOVER	1	8,134	29,619
Cost of sales		(26,269)	(23,970)
GROSS (LOSS) / PROFIT		(18,135)	5,649
Administrative expenses		(7,030)	(10,236)
OPERATING LOSS		(25,165)	(4,587)
Investment income	2	197,971	211,588
Interest payable and similar charges	3	(168,731)	(181,312)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,075	25,689
Tax on profit on ordinary activities	6	(2,088)	(5,762)
PROFIT FOR THE YEAR	12	1,987	19,927

The operating loss for the year arises from the company's continuing operations.

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.

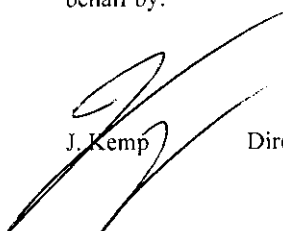
Shed Productions (Jailbirds) Limited

BALANCE SHEET

As at 31 August 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	203,125	229,394
CURRENT ASSETS			
Debtors	8	228,036	235,482
Cash at bank and in hand		15,578	20,598
		243,614	256,080
CREDITORS: amounts falling due within one year	9	(256,096)	(269,317)
NET CURRENT LIABILITIES		(12,482)	(13,237)
TOTAL ASSETS LESS CURRENT LIABILITIES		190,643	216,157
CREDITORS: amounts falling due after more than one year	10	(102,586)	(130,087)
		88,057	86,070
CAPITAL AND RESERVES			
Called up share capital	11	300	300
Profit and loss account	12	87,757	85,770
SHAREHOLDERS' FUNDS	13	88,057	86,070

The accounts were approved by the Board and authorised for issue on 26th June 2007 and are signed on its behalf by:



 J. Kemp Director

Shed Productions (Jailbirds) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover represents amounts receivable for work carried out in producing television programmes and is recognised over the period of the production or as per the contract where payments is dependent on materials delivery. Gross profit on production activity is recognised over the period of the production or in accordance with the underlying contract and where there is certainty of this being realised; overages on productions are recognised as they arise and underages are recognised on completion of the productions. Distribution income is recognised when invoiced, by the distributor, as per the contract.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on the programme assets in accordance with the income forecast method whereby depreciation is taken to the profit and loss account on the same pro rata basis as the income received in the accounting period bears to the expected revenue over the life of the programme.

This method has been reviewed in the period so that a proportion of the cost of production has been capitalised and subsequently depreciated. In prior periods the entire cost of the production was capitalised and then depreciated. This review in depreciation method has led to a prior year adjustment to brought forward cost and depreciation.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

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

DEFERRED TAXATION

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 is measured at the average tax rates that are expected to apply in the periods in which timing 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.

Shed Productions (Jailbirds) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2006

1 **TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2	INVESTMENT INCOME	2006 £	2005 £
	Other interest receivable	197,971	211,588

3	INTEREST PAYABLE AND SIMILAR CHARGES	2006 £	2005 £
	Interest payable on: Finance lease and hire purchase contracts	168,731	181,312

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2006 £	2005 £
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Profit on ordinary activities before taxation is stated after charging:

Depreciation and amounts written off tangible fixed assets:

Charge for the year

Film assets	26,269	23,970
Auditors' remuneration	1,018	1,250

5 **EMPLOYEES**

The only employees during the year were the directors, none of whom received any remuneration (2005: £nil)

Shed Productions (Jailbirds) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2006

6	TAX ON PROFIT ON ORDINARY ACTIVITIES	2006 £	2005 £
	Based on the result for the period:		
	UK corporation tax on profit of period	774	5,762
	Adjustment in respect of prior periods	1,314	-
	Total current tax	<u>2,088</u>	<u>5,762</u>
		2006 £	2005 £
	Factors affecting tax charge for period:		
	Profit on ordinary activities before tax	<u>4,075</u>	<u>25,689</u>
	Profit on ordinary activities multiplied by standard rate of 30% (2005:30%)	1,223	7,707
	Effects of:		
	Group relief claimed	-	(2,240)
	Beneficial Marginal Rate	(449)	295
	Adjustments in respect of previous periods	1,314	-
	Current tax charge for period	<u>2,088</u>	<u>5,762</u>

Shed Productions (Jailbirds) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2006

7	TANGIBLE FIXED ASSETS	Programme assets £
	Cost	
	At 1 September 2005	5,223,539
	Prior Year Adjustment (note 16)	(4,475,659)
	At 1 September 2005 (restated)	747,880
	Additions	-
	At 31 August 2006	747,880
	Depreciation	
	At 1 September 2005	4,994,145
	Prior Year Adjustment (note 16)	(4,475,659)
	At 1 September 2005 (restated)	518,486
	Charge for the year	26,269
	At 31 August 2006	544,755
	Net book value	
	At 31 August 2006	203,126
	At 31 August 2005	229,394

On 30 March 2000, the company sold production costs of episodes 1-7 totalling £3,390,584 and simultaneously leased them back for the same amount. In addition, on 20 April 2000, the company sold production costs of episodes 8-13 totalling £2,953,322 and simultaneously leased them back for the same amount. The programmes are held under finance leases.

The net book value of programme assets held under finance leases is £203,125 (2005: £229,394).

The depreciation has been reviewed in the period so that a proportion of the total cost of production has been capitalised and subsequently depreciated. In prior periods the entire cost of production was capitalised and then depreciated. This review in depreciation method has led to a prior year adjustment to brought forward cost and depreciation. (note 16)

8	DEBTORS	2006 £	2005 £
	Due within one year:		
	Amounts owed by group undertakings	190,000	190,000
	Prepayments and accrued income	38,036	45,482
		228,036	235,482

Shed Productions (Jailbirds) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2006

9	CREDITORS: Amounts falling due within one year	2006 £	2005 £
	Net obligations under finance lease and hire purchase contracts	27,501	29,241
	Amounts owed to group undertakings	201,590	206,242
	Corporation tax	6,159	10,883
	Other creditors	-	4
	Accruals and deferred income	20,846	22,947
		<u>256,096</u>	<u>269,317</u>
10	CREDITORS: Amounts falling due after more than one year	2006 £	2005 £
	Net obligations under finance lease and hire purchase contracts	102,586	130,087
	Net obligations under finance leases and hire purchase contracts		
	Repayable within one year	27,501	29,241
	Repayable between two and five years	84,679	96,100
	Repayable after five years	17,907	33,987
		<u>130,087</u>	<u>159,328</u>
	Included in liabilities falling due within one year	(27,501)	(29,241)
		<u>102,586</u>	<u>130,087</u>

The balance included in net obligations under finance leases and hire purchase contracts of £102,586 (2005: £130,039) has resulted from the sale and leaseback of the film asset. At 31 August 2006 amounts were owed to the lessor totalling £3,594,660 (2005: £3,697,246) and amounts were held in a deposit account totalling £3,464,573 (2005: £3,537,919). The interests to be earned on the deposit monies will exceed the interest accruing on the liability by £345,276. The net liability will therefore be settled by means of transfers from the deposit account and without recourse to any of the company's other assets.

11	SHARE CAPITAL	2006 £	2005 £
	Authorised: 10,000 ordinary shares of £1 each	10,000	10,000
	Allotted, called up and fully paid: 300 ordinary share of £1 each	300	300
12	PROFIT AND LOSS ACCOUNT	2006 £	2005 £
	At 1 September 2005	85,770	65,843
	Profit for the financial year	1,987	19,927
	31 August 2006	<u>87,757</u>	<u>85,770</u>

Shed Productions (Jailbirds) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2006

13	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006 £	2005 £
	Profit for the financial year	1,987	19,927
	Net addition to shareholders' funds	1,987	19,927
	Opening shareholders' funds	86,070	66,143
	Closing shareholders' funds	88,057	86,070

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard No.8 from the requirements to disclose details of transactions with group companies.

Other than the transactions with group companies, there were no related party transactions during the year.

15 CONTROLLING PARTIES

The parent undertaking is Shed Productions plc, a company incorporated in England and Wales.

Consolidated accounts have been drawn up for Shed Productions plc and are available from the following address:

2 Holford Yard
London
WC1X 9HD

The ultimate controlling party is Shed Productions plc

16 PRIOR YEAR ADJUSTMENT

The company has reviewed its depreciation of programme assets accounting policy and now only capitalises a proportion of COS based on the income forecasting method. This has led to a prior year restatement of brought forward cost and depreciation of programme assets £4,475,659 and £4,475,659 respectively (2005:Nil)

Shed Productions (Jailbirds) Limited
DETAILED TRADING PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2006

	£	2005 £	£	2006 £
TURNOVER		8,134		29,619
COST OF SALES				
Depreciation	26,269		23,970	
	<hr/>	(26,269)	<hr/>	(23,970)
GROSS (LOSS) / PROFIT		<hr/> (18,135)		<hr/> 5,649
ADMINISTRATIVE EXPENSES				
Insurance	936		182	
Legal and professional	5,032		5,229	
Bank charges	44		130	
Audit and accountancy	1,018		1,000	
Sundry	-		3,695	
	<hr/>	(7,030)	<hr/>	(10,236)
OPERATING LOSS		<hr/> (25,165)		<hr/> (4,587)
Interest receivable		197,971		211,588
Interest payable				
On finance leases and hire purchase		(168,731)		(181,312)
PROFIT BEFORE TAXATION		<hr/> 4,075		<hr/> 25,689

This page does not form part of the financial statements