

Company Pictures North Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2007

Registered number 3952900



Company Pictures North Limited

Contents

Directors' report	2-3
Independent auditors report to the members of Company Pictures North Limited	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes to the financial statements	8-13

Company Pictures North Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2007

Principal activity and review of the business

The principal activity of the company is the production 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 £nil (2006 £2)

The directors do not recommend the payment of a dividend for the year under review.

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 television production companies 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 television producers and success of the company's programming. Further discussion of these risks and uncertainties, in the context of the ALL3MEDIA 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 Company Pictures North Limited. The development, performance and position of the ALL3MEDIA Holdings Limited group, which includes the company, is discussed on page 4 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 the financial statements were as follows:

S Morrison
J Burns
J Pfeil

Company Pictures North Limited

Directors' responsibilities statement

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

- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting.

By order of the board


J C Pfeil
Company secretary

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Date 10/04/08

Company Pictures North Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPANY PICTURES NORTH LIMITED

We have audited the financial statements of Company Pictures North Limited for the year ended 31 August 2007 which comprise the profit and loss account, the reconciliation of movements in shareholders funds, the balance sheet, the statement of total recognised gains and losses and the related notes. 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.

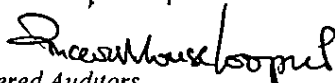
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2007 and of the company's result for the year 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London



10 April 2008

Company Pictures North Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 August 2007

	Note	2007 £	2006 £
TURNOVER	2	2	1,480,875
Cost of sales		-	(1,480,873)
Gross profit		<u>2</u>	<u>2</u>
Administrative expenses		(2)	-
OPERATING PROFIT	3	<u>-</u>	<u>2</u>
Other interest receivable and similar income		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>2</u>
Taxation	6	-	-
RESULT/PROFIT FOR THE FINANCIAL YEAR	10	<u>-</u>	<u>2</u>

The turnover and operating profit for the year arises from the company's continuing operations

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

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

The notes on pages 8 to 13 form part of these financial statements

Company Pictures North Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

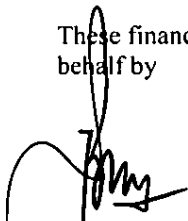
for the year ended 31 August 2007

	2007 £	2006 £
Result/profit for the year	-	2
Net change in shareholders' funds	-	2
Shareholders' funds brought forward	4,921	4,919
Shareholders' funds carried forward	4,921	4,921

Company Pictures North Limited
BALANCE SHEET as at 31 August 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	7	9,819	36,903
Cash at bank and in hand		11,463	12,144
		<u>21,282</u>	<u>49,047</u>
CREDITORS' amounts falling due within one year	8	(16,361)	(44,126)
NET CURRENT ASSETS		<u>4,921</u>	<u>4,921</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	4,920	4,920
TOTAL SHAREHOLDERS' FUNDS		<u>4,921</u>	<u>4,921</u>

These financial statements were approved by the board of directors on 10/04/08 and were signed on its behalf by



J Burns
Director

The notes on pages 8 to 13 form part of these financial statements

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards as defined in section 256 of Companies Act 1985

CASH FLOW STATEMENT

The company has taken advantage of the exemption in FRS 1 "Cash flow statements (revised 1996)" from the requirement to present a cash flow statement on the grounds that it is a small company

TURNOVER

Turnover and attributable profits are recognised in accordance with the company's right to receive revenue based on the contracted position. The principal revenue recognition bases for commissioned TV programmes are

- Series drama productions - revenue and attributable profit are recognised on an episodic basis
- One-off single broadcaster drama productions - turnover and attributable profit are recognised in proportion to the stage of completion of the production at the relevant date unless the contractual position with the broadcaster does not entitle the company to recognise revenue until the final product is available for delivery

Provision is made for any overspends and losses as soon as identified. Any underspends are recognised once the programme has been completed and all related costs have been identified.

Turnover relates wholly to the company's principal activity in the UK.

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 have occurred at that date that will result in an obligation to pay more, or 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 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 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.

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

DEFERRED PRODUCTION EXPENDITURE

Pre-contract production expenditure is written off in the year in which it is incurred except where it is related to a clearly defined contract, the outcome of which has been assessed with reasonable certainty as to its success and commercial viability. In such cases the expenditure is deferred to the extent that its recovery can be reasonably regarded as assured and the cost is written off against revenue over the period of the contract. The costs of abortive productions are taken directly to the profit and loss account.

LEASES

Sale and leaseback transactions relate to master negatives for films as a result of the company entering into sale and leaseback transactions for such films. Part of the cash received is put on deposit, and this cash together with any accrued interest thereon should be sufficient to meet the lease capital and interest payment. Cash received on inception of the transaction over and above that required for future rental payments is recognised as profit immediately. Such transactions are shown as a contingent liability in the notes to the accounts.

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

2 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit/(loss) before taxation were all derived from its principal activity
All sales were made in the United Kingdom

3 OPERATING PROFIT

Company Television Limited has borne the cost of the company's audit for the year
Company Television Limited is the company's immediate parent undertaking

4 DIRECTORS EMOLUMENTS

Directors' remuneration in 2007 was £nil (2006 £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 company had no employees and incurred no staff costs during the current or previous year

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

6 TAXATION

The tax credit is made up as follows

	2007 £	2006 £
a) Tax on profit on ordinary activities		
Current tax		
Amounts receivable for group relief	-	-
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	-	-
	<hr/>	<hr/>

b) Factors affecting current tax charge for the current year

The tax assessed for the year is the same as (2006 – lower) the standard rate of corporation tax in the UK of 30% (2006 30%)

	2007 £	2006 £
Profit on ordinary activities before tax	-	2
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate in the UK at 30% (2006 30%)	-	2
<i>Effects of</i>		
Benefit of marginal rate relief	-	(2)
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

c) Factors affecting future tax charges

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had been substantially enacted at the balance sheet date. The directors confirm that the effect of the changes enacted are not material to the financial statements and therefore have not been included in these financial statements.

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

7 DEBTORS

	2007 £	2006 £
Amounts owed by group undertakings	9,699	9,699
Other debtors	120	2,204
Prepayments and accrued income	-	25,000
	<u>9,819</u>	<u>36,903</u>

8 CREDITORS: amounts falling due within one year

	2007 £	2006 £
Trade creditors	7,761	4,774
Corporation tax	10	10
Other taxation and social security	-	14,342
Accruals and deferred income	8,590	25,000
	<u>16,361</u>	<u>44,126</u>

9 CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1 ordinary share of £1	1	1
	<u> </u>	<u> </u>

10 PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
At 1 September 2006	4,920	4,918
Profit for the year	-	2
	<u>4,920</u>	<u>4,920</u>

Company Pictures North Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

11 CONTINGENT LIABILITIES

The company has entered into certain sale and leaseback transactions for television programme rights. Amounts are held in deposit accounts as a result of these transactions and comprise monies to provide for the discharge of future leasing liabilities. The contingent liability would only crystallise upon the failure of the bank holding the deposit. The amounts involved are as follows:

	2007 £	2006 £
Amounts held on deposit	2,269,553	2,425,679
Less: loans outstanding	(2,269,553)	(2,425,679)
	-	-
The maturity of the above amounts is as follows:		
Less than one year	179,259	156,126
Two to five years	990,494	876,417
Over five years	1,099,800	1,393,136
	2,269,553	2,425,679

12 ULTIMATE IMMEDIATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 August 2007, the company's immediate parent undertaking is Company Television Limited.

The entire share capital of Company Television Limited is owned by All3Media Limited. In the directors' opinion, the Company's ultimate parent undertaking is All3Media Holdings Limited. Copies of its group financial statements, which include the Company, are available from Berkshire House, 168-173 High Holborn, London, WC1V 7AA.

The ultimate controlling party is Permira Holdings Limited, a company which owns Permira Europe III GP Limited, the general partner of Permira Europe III.

13 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.

The ultimate controlling party at the balance sheet date and date of approval of the financial statements was Permira Partners LLP on behalf of funds under its management.