Digital Interactive Studio Centre Limited

Report and Financial Statements

15 months ended 31 March 2008

Company Registration No. 4234460

Digital Interactive Studio Centre Limited

Report and financial statements for the 15 months ended 31 March 2008

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Report and financial statements for the 15 months ended 31 March 2008

Officers and professional advisers

Director

Jose-Luis Vazquez

Company Secretary

Graham Duncan

Registered Office

Units 6 & 7 Princes Court
Wapping Lane
London
E1W 2DA

Bankers

Barclays Bank plc
UK Banking
1 Churchill Place
London
E14 5HD

Solicitors

Finers Stephens Innocent
177 Great Portland Street
London
W1W 5LS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Digital Interactive Studio Centre Limited

Director's report for the period ended 31 March 2008

The director presents the report and the audited financial statements for the 15 months ended 31 March 2008

Principal activities, review of business and future developments

The principal activity of the company is to provide cost-effective digital studio facilities to broadcasters

Loss after taxation for the period was £4,287,538 (2006 profit £4,053,693)

The director has not declared a dividend for the year (2006 £nil)

The future prospects of the company reflect the growing trend in the broadcasting industry to incorporate revenue-generating interactivity within programme content

The director's report has been prepared in accordance with the special provisions applicable relating to small companies under section 246(4) of the Companies Act 1985

Director and his interests

The directors who served during the year were

Jose-Luis Vazquez (appointed 27 March 2008)
Neil MacDonald (resigned 27 March 2008)

No director had any beneficial interest in the share capital of the company

Jose-Luis Vazquez and, up until his resignation on 27 March 2008, Neil MacDonald were also directors of the ultimate parent company, Mirada plc, and their interests in the share capital of that company are shown in its financial statements

Financial risk management

The director considered the risks attached to the company's financial instruments which principally comprise operating debtors, operating creditors and loans to and from other group companies The director has taken a prudent approach in their consideration of the various risks attached to the financial instruments of the company The company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements

The company had no hedged transactions during the period

Digital Interactive Studio Centre Limited

Director's report for the period ended 31 March 2008

Statement of director's responsibilities

The director is responsible for preparing the report and financial statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practise Company law requires the director to prepare financial statements to give a true and fair view of the state of affairs of the company and of the profit and loss for that period In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985 He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

The director at the date of approval of this report confirms that

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

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting

Approved and signed by the Director on behalf of the Board

Jose-Luis Vazquez
Director

29 March 2010

Report of the Independent Auditors to the Members of Digital Interactive Studio Centre Limited

We have audited the financial statements of Digital Interactive Studio Centre Limited for the 15 month period ended 31 March 2008 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

Respective responsibilities of director and auditors

The director's 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 director's 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the director's report is consistent with those financial statements We also 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 director's report and consider the implications for our report if we become aware of any apparent misstatements within it

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

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 director 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

Report of the Independent Auditors to the Members of Digital Interactive Studio Centre Limited (continued)

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 affairs of the Company as at 31 March 2008 and of the 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 director's report is consistent with the financial statements

BDO LLP

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

29 March 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Digital Interactive Studio Centre Limited

Profit and loss account
15 months ended 31 March 2008

	Notes	15 months ended 31 March 2008 £	12 months ended 31 December 2006 £
Turnover	2	5,367,150	5,811,673
Cost of sales		(3,037,947)	(1,429,742)
Gross profit		2,329,203	4,381,931
Administrative expenses		(2,351,941)	(3,038,917)
Exceptional items	5	(4,263,058)	2,714,521
Total administrative expenses		(6,614,999)	(324,396)
Operating (loss)/profit	4	(4,285,796)	4,057,535
Interest payable and similar charges		(1,742)	(3,842)
(Loss)/profit on ordinary activities before taxation		(4,287,538)	4,053,693
Taxation	6	-	-
(Loss)/profit ordinary activities after taxation	11	(4,287,538)	4,053,693

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

Digital Interactive Studio Centre Limited

Balance sheet
As at 31 March 2008

Company number 4234460

	Notes	31 March 2008 £	31 December 2006 £
Fixed assets			
Tangible assets	7	636,850	1,160,318
		636,850	1,160,318
Current assets			
Debtors	8	707,198	4,542,741
Cash at bank and in hand		1,978	2,121
		709,176	4,544,862
Creditors: amounts falling due within one year	9	(3,251,378)	(3,322,994)
Net current (liabilities)/assets		(2,542,202)	1,221,868
Net (liabilities)/assets		(1,905,352)	2,382,186
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(1,905,353)	2,382,185
Shareholders' (deficit)/funds	12	(1,905,352)	2,382,186

These financial statements were approved by the Director and authorised for issue on 29 March 2010

Jose-Luis Vazquez
Director

The notes on pages 8 to 14 form part of these financial statements

Notes to the accounts
15 months ended 31 March 2008 (continued)

1. **Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards The particular accounting policies adopted, which have been applied consistently throughout the current year and the prior year, are described below

Going Concern

The ultimate parent company, Mirada plc, has agreed to support the company for a period of at least one year from the approval date of these financial statements

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom accounting standards

The company is exempt from the requirement of FRS 1 (revised) to present a cash flow statement because it is a wholly-owned subsidiary of Mirada plc which prepares consolidated accounts which are publicly available

Intangible fixed assets

Intangible fixed assets comprise software development costs and are stated at cost net of amortisation and any provision for impairment They are amortised on a straight line basis over their useful economic lives, which is two to four years

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets The rates of depreciation are as follows

Land & buildings	10% per annum
Computer Hardware	33 3 % per annum
Fixtures and fittings	33 3% per annum

Taxation

Current tax, 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 taxation is provided in full on timing differences which result from an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Turnover

Turnover, which excludes value added tax, comprises revenue from the provision of digital studio services to broadcasters and is recognised as these services are provided or in accordance with the contract

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Notes to the accounts
15 months ended 31 March 2008 (continued)

1. Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme Contributions payable for the period are charged to the profit and loss account

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax The turnover arises in the United Kingdom and is attributable to the provision of digital studio facilities to broadcasters

	15 months ended 31 March 2008 £	12 months ended 31 December 2006 £
With third parties	3,837,251	5,058,712
Within the group	1,529,899	752,961
	5,367,150	5,811,673

3. Information regarding directors and employees

	15 months ended 31 March 2008	12 months ended 31 December 2006
	Number	Number
Average number of persons employed (including directors)		
Production	17	21
Administration	2	2
	19	23
	£	£
Staff costs, including directors, consist of		
Wages and salaries	806,893	841,580
Social security costs	84,118	85,807
Pension costs	11,286	8,724
	902,297	936,111

The director's emoluments were paid by Mirada plc, the company's ultimate parent, for services to group companies and it is not considered practical to allocate this cost to individual group companies

Digital Interactive Studio Centre Limited

Notes to the accounts
15 months ended 31 March 2008 (continued)

4. Operating (loss)/profit

	15 months ended 31 March 2008 £	12 months ended 31 December 2006 £
Operating (loss)/profit is after charging		
Depreciation		
Owned assets	411,713	567,899
Leased assets	95,007	188,654
Auditors remuneration (2008 borne by ultimate parent company)	-	10,000
Rentals under operating leases - other	216,015	210,837

5. Exceptional items

	15 months ended 31 March 2008 £	12 months ended 31 December 2006 £
Exceptional items (charged)/credited during the period are		
Reduction in contractual liabilities	-	1,740,453
Inter company balance written back	-	974,068
Provision against inter company receivables	(4,263,058)	-
	(4,263,058)	2,714,521

The inter company balances written back relate to amounts forgiven by fellow group companies The inter company balances provided against relate to amounts written off by Digital Interactive Studio Centre Ltd in relation to amounts owed by fellow group companies

Notes to the accounts
15 months ended 31 March 2008 (continued)

6. Taxation

	15 months ended 31 March 2008 £	12 months ended 31 December 2006 £
(Loss)/profit on ordinary activities before taxation	(4,287,538)	4,053,693
(Loss)/profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2006 30%)	(1,286,261)	1,216,108
Explained by		
Non-deductible expenditure	480	-
Inter company write off disallowed	1,284,191	(292,220)
Capital allowances in excess of depreciation	(93,898)	226,996
Depreciation in excess of capital allowances	-	
Tax losses utilised	-	(1,150,884)
Tax losses not utilised	132,988	
Temporary differences	(37,500)	
Current tax charge for the period	-	-

7. Tangible fixed assets

	Land and buildings £	Computer hardware £	Fixtures and fittings £	Capitalised software £	Total £
Cost					
At 1 January 2007	919,373	1,029,280	2,426,268	144,676	4,519,597
Additions	-	14,045	-	-	14,045
Disposals	-	(18,608)	(15,427)	-	(34,035)
At 31 March 2008	919,373	1,024,717	2,410,841	144,676	4,499,607
Accumulated depreciation					
At 1 January 2007	326,278	791,603	2,126,306	115,092	3,359,279
Charge for the period	77,107	226,826	202,787	29,584	536,304
Disposals	-	(18,122)	(14,704)	-	(32,826)
At 31 March 2008	403,385	1,000,307	2,314,389	144,676	3,862,757
Net book value					
At 31 March 2008	515,988	24,410	96,452	-	636,850
At 31 December 2006	593,095	237,677	299,962	29,584	1,160,318

Included within the net book value of tangible fixed assets is £Nil (2006 £95,007), which relates to leased assets held under finance leases

Notes to the accounts
15 months ended 31 March 2008 (continued)

8. Debtors

	31 March 2008 £	31 December 2006 £
Trade debtors	321,079	593,929
Amounts owed by group undertakings	-	2,229,550
Other debtors	119,750	438,918
Prepayments and accrued income	266,369	1,280,344
	707,198	4,542,741

All amounts shown under debtors fall due for payment within one year

9. Creditors: amounts falling due within one year

	31 March 2008 £	31 December 2006 £
Obligations under finance leases	-	7,416
Trade creditors	550,213	1,461,940
Amounts owed to ultimate parent company	1,989,638	-
Amounts owed to group undertakings	563,105	-
Other taxes and social security	96,075	589,121
Other creditors	-	1,069,338
Accruals and deferred income	52,347	195,179
	3,251,378	3,322,994

10. Share capital

	31 March 2008 £	31 December 2006 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
1 ordinary shares of £1 each	1	1

Notes to the accounts
15 months ended 31 March 2008 (continued)

11. Profit and loss account

	£
Balance at 1 January 2007	2,382,185
Loss for the period	(4,287,538)
Balance at 31 March 2008	(1,905,353)

12. Reconciliation of movements in shareholders' funds

	31 March 2008 £	31 December 2006 £
(Loss)/profit for the period	(4,287,538)	4,053,693
Opening shareholders'funds/(deficit)	2,382,186	(1,671,507)
Closing shareholders' funds	(1,905,352)	2,382,186

13. Financial commitments

	31 March 2008 £	31 December 2006 £
Obligations under finance leases and hire purchase contracts		
Minimum lease payments due		
Within one year	-	7,416
	-	7,416

14. Operating lease commitments

At 31 March 2008 Digital Interactive Studio Centre Limited had annual commitments under non-cancellable operating leases as set out below

	31 March 2008 £	31 December 2006 £
Land & buildings		
Leases which expire		
More than 5 years	80,520	80,520

Notes to the accounts
15 months ended 31 March 2008 (continued)

15. Pension

The company provides pension arrangements to all full-time employees through a defined contribution scheme The pension cost charge in the period was £11,286 (2006 £8,724)

16. Ultimate parent company

The company's ultimate parent is Mirada plc, a company incorporated in Great Britain Mirada plc is the parent of the largest and smallest group of which the company is a member and for which consolidated group accounts are drawn up Copies of the group financial statements are available from 6 & 7 Princes Court, Wapping Lane, London, E1W 2DA

17. Related party transactions

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No 8 Related Party Disclosures which allows it not to disclose transactions with other group companies that are 90% or more owned by the group, as the consolidated financial statements of the ultimate parent company are publicly available as noted above