

Company Registration No. 04377175 (England and Wales)

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**PARTHENON ENTERTAINMENT LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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COMPANIES HOUSE

# **PARTHENON ENTERTAINMENT LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	C V Hall C P Baldwin C G Hodson D E Jones M J Shanks D M Tipping
<b>Secretary</b>	C P Baldwin
<b>Company number</b>	04377175
<b>Registered office</b>	Parthenon House 5 Station Approach Chorleywood Hertfordshire WD3 5PF
<b>Auditors</b>	Nunn Hayward Sterling House 20 Station Road Gerrards Cross Buckinghamshire SL9 8EL
<b>Business address</b>	Parthenon House 5 Station Approach Chorleywood Hertfordshire WD3 5PF
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

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# **PARTHENON ENTERTAINMENT LIMITED**

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# **PARTHENON ENTERTAINMENT LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2010**

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The directors present their report and financial statements for the year ended 31 March 2010

#### **Principal activities and review of the business**

The principal activity of the company has continued to be that of the production and distribution of factual entertainment and wildlife documentary programmes

The results for the year were positive, considering the significant downturn in the global economy and the acquisition of Parthenon Entertainment Limited by Parthenon Media Group Limited part way through the financial year in July 2009. The directors consider turnover and operating profit to be key performance indicators of the company. As shown in the profit and loss account, turnover has increased to £9.0m and operating profit has increased to £1.3m. The continued support of the company's lender, Coutts & Co and the financial position of the company at the balance sheet date was considered sufficiently strong to support the business going forward.

The directors continue to take steps to exploit new revenue streams from the existing programme library and have taken all possible action to protect the business throughout the downturn in the global economy.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management, and the company's finance department implements the policies set by the board of directors. In order to ensure that sufficient funds are available for expansion the company uses a combination of long term and short term debt finance.

#### **Results and dividends**

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £150,000. The directors do not recommend payment of a final dividend.

#### **Future developments**

The company continues to build on its strong relationships with broadcasters, licensees and producers, built over the years as a result of its proven track record of delivering programmes of exceptional quality.

#### **Directors**

The following directors have held office since 1 April 2009

C V Hall	
C P Baldwin	
C G Hodson	(Appointed 1 November 2009)
D E Jones	
M J Shanks	(Appointed 1 November 2009)
D M Tipping	(Appointed 1 November 2009)
T Plummer-Andrews	(Resigned 6 May 2009)
D Cardwell	(Resigned 29 July 2009)

#### **Auditors**

The auditors, Nunn Hayward, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **PARTHENON ENTERTAINMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2010**

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### **Statement of directors' responsibilities**

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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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

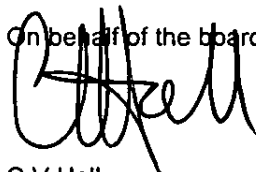
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



C V Hall

**Director**

8 September 2010

# **PARTHENON ENTERTAINMENT LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF PARTHENON ENTERTAINMENT LIMITED**

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We have audited the financial statements of Parthenon Entertainment Limited for the year ended 31 March 2010 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **PARTHENON ENTERTAINMENT LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

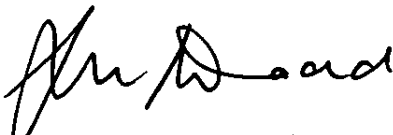
### **TO THE MEMBERS OF PARTHENON ENTERTAINMENT LIMITED**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Simon Dodd (Senior Statutory Auditor)**  
for and on behalf of Nunn Hayward

*13.09.10*

**Chartered Accountants**  
**Statutory Auditor**

Sterling House  
20 Station Road  
Gerrards Cross  
Buckinghamshire  
SL9 8EL

# **PARTHENON ENTERTAINMENT LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
Turnover	2	8,982,773	7,863,100
Cost of sales		(5,251,423)	(4,585,232)
<b>Gross profit</b>		<b>3,731,350</b>	<b>3,277,868</b>
Administrative expenses		(2,420,709)	(2,694,871)
Other operating income		16,800	23,316
<b>Operating profit</b>	3	<b>1,327,441</b>	<b>606,313</b>
Other interest receivable and similar income	4	1,570	-
Interest payable and similar charges	5	(338,929)	(341,790)
<b>Profit on ordinary activities before taxation</b>		<b>990,082</b>	<b>264,523</b>
Tax on profit on ordinary activities	6	(230,482)	(47,580)
<b>Profit for the year</b>	16	<b>759,600</b>	<b>216,943</b>

The accompanying accounting policies and notes form part of these financial statements

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



# PARTHENON ENTERTAINMENT LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Intangible assets	8	12,861,605		8,546,772	
Tangible assets	9	502,935		603,955	
Investments	10	104		103	
		<u>13,364,644</u>		<u>9,150,830</u>	
<b>Current assets</b>					
Debtors	11	3,391,553	2,088,274		
Cash at bank and in hand		798,912	1,235,622		
		<u>4,190,465</u>	<u>3,323,896</u>		
<b>Creditors amounts falling due within one year</b>	12	(11,132,402)	(6,551,853)		
<b>Net current liabilities</b>		<u>(6,941,937)</u>	<u>(3,227,957)</u>		
<b>Total assets less current liabilities</b>		<u>6,422,707</u>	<u>5,922,873</u>		
<b>Creditors amounts falling due after more than one year</b>	13	(3,295,131)	(3,635,379)		
<b>Provisions for liabilities</b>	14	(793,146)	(562,664)		
		<u>2,334,430</u>	<u>1,724,830</u>		
<b>Capital and reserves</b>					
Called up share capital	15	100	100		
Profit and loss account	16	2,334,330	1,724,730		
<b>Shareholders' funds</b>	17	<u>2,334,430</u>	<u>1,724,830</u>		

The accompanying accounting policies and notes form part of these financial statements

Approved by the Board and authorised for issue on 8 September 2010

C V Hall  
Director

Company Registration No 04377175

# **PARTHENON ENTERTAINMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The company relies on the continued support of its bankers and the director C V Hall. The accounts are prepared on the going concern basis on the assumption that such support will continue in the foreseeable future.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 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.

#### **1.2 Turnover**

Turnover represents amounts receivable for production services and distribution fees net of VAT. Production fees are recognised as turnover when the film is available for delivery, except for films being produced on behalf of third parties, where income is recognised as costs are incurred. Distribution income represents the invoiced value of license fees less irrecoverable withholding tax and VAT.

#### **1.3 Production and development costs**

Production costs incurred in programming are capitalised in the balance sheet as intangible assets as they are incurred. Production costs are amortised to the Profit and Loss Account as a proportion of projected total turnover from each film.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the term of the lease
Plant and machinery	25% per annum on the reducing balance basis
Fixtures, fittings & equipment	25% per annum on the reducing balance basis
Motor vehicles	20% per annum on the straight line basis

#### **1.5 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

# **PARTHENON ENTERTAINMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010**

### **1 Accounting policies**

**(continued)**

#### **1.7 Revenue recognition**

The company's policy is to recognise TV distribution income and associated royalties payable when all of the following criteria are met

- a) a contract has been executed by both parties
- b) the relevant programmes have met all the necessary technical requirements
- c) delivery to the broadcaster has taken place
- d) the arrangement is fixed or determinable
- e) collection of the income is reasonably assured

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

#### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### **1.9 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

#### **1.10 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Parthenon Media Group Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company

### **2 Turnover**

#### **Geographical market**

	<b>Turnover</b>	
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
United Kingdom	1,288,972	1,054,536
Other European Union countries	3,678,031	3,302,959
Rest of the World	4,015,770	3,505,605
	<u>8,982,773</u>	<u>7,863,100</u>

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

<b>3</b>	<b>Operating profit</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Amortisation of intangible assets	2,149,604	1,618,501
	Depreciation of tangible assets	166,723	192,308
	Loss on disposal of tangible assets	8,617	7,314
	Loss on foreign exchange transactions	-	158,949
	Operating lease rentals	138,988	114,812
	Auditors' remuneration (including expenses and benefits in kind)	7,000	7,000
	and after crediting		
	Profit on foreign exchange transactions	(222,801)	-
		<u><u>          </u></u>	<u><u>          </u></u>
<b>4</b>	<b>Investment income</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Other interest	1,570	-
		<u><u>          </u></u>	<u><u>          </u></u>
<b>5</b>	<b>Interest payable</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	303,361	306,271
	On other loans wholly repayable within five years	15,017	11,529
	Hire purchase interest	20,551	23,990
		<u><u>          </u></u>	<u><u>          </u></u>
		338,929	341,790
		<u><u>          </u></u>	<u><u>          </u></u>

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

6	Taxation	2010 £	2009 £
	Current tax charge	-	-
	<b>Deferred tax</b>		
	Effects of changes in tax rates and laws	-	(23,413)
	Deferred tax charge/credit current year	230,482	70,993
		<u>230,482</u>	<u>47,580</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>990,082</u>	<u>264,523</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 21.00%)	<u>207,917</u>	<u>55,550</u>
	Effects of		
	Non deductible expenses	24,123	21,042
	Capital allowances	(120)	(479)
	Tax losses utilised	66,628	(89,254)
	Adjustments to previous periods	(4,675)	(3,934)
	Intangibles	(296,990)	16,640
	Other tax adjustments	3,117	435
		<u>(207,917)</u>	<u>(55,550)</u>
	<b>Current tax charge</b>	<u>-</u>	<u>-</u>

The company has estimated losses of £810,272 (2009 - £1,237,033) available for carry forward against future trading profits

7	Dividends	2010 £	2009 £
	Ordinary interim paid	<u>150,000</u>	<u>-</u>

# **PARTHENON ENTERTAINMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2010**

### **8 Intangible fixed assets**

	<b>Film rights £</b>
<b>Cost</b>	
At 1 April 2009	13,246,903
Additions	6,464,437
	<hr/>
At 31 March 2010	19,711,340
	<hr/>
<b>Amortisation</b>	
At 1 April 2009	4,700,131
Charge for the year	2,149,604
	<hr/>
At 31 March 2010	6,849,735
	<hr/>
<b>Net book value</b>	
At 31 March 2010	12,861,605
	<hr/>
At 31 March 2009	8,546,772
	<hr/>

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 9 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2009	106,200	987,317	130,008	39,128	1,262,653
Additions	-	44,455	29,865	-	74,320
Disposals	-	(48,207)	(7,132)	-	(55,339)
At 31 March 2010	106,200	983,565	152,741	39,128	1,281,634
<b>Depreciation</b>					
At 1 April 2009	39,074	544,055	53,821	21,748	658,698
On disposals	-	(41,703)	(5,019)	-	(46,722)
Charge for the year	10,620	121,794	26,483	7,826	166,723
At 31 March 2010	49,694	624,146	75,285	29,574	778,699
<b>Net book value</b>					
At 31 March 2010	56,506	359,419	77,456	9,554	502,935
At 31 March 2009	67,126	443,262	76,187	17,380	603,955

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
<b>Net book values</b>	
At 31 March 2010	178,115
At 31 March 2009	275,020
<b>Depreciation charge for the year</b>	
At 31 March 2010	59,368
At 31 March 2009	93,707

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 10 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2009	103
Additions	1
	<hr/>
At 31 March 2010	104
	<hr/>
<b>Net book value</b>	
At 31 March 2010	104
	<hr/>
At 31 March 2009	103
	<hr/>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Barbershop Sound Studios Limited	England & Wales	Ordinary	100 00
Cymru International Limited	England & Wales	Ordinary	100 00
Cymru International 2 Limited	England & Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	<b>Principal activity</b>		
Barbershop Sound Studios Limited	Audio Post Production	21,721	(1,325)
Cymru International Limited	Distribution and Licensing	26,338	73,425
Cymru International 2 Limited	Distribution and Licensing	(304)	1,842
		<hr/>	<hr/>



# **PARTHENON ENTERTAINMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2010**

<b>11 Debtors</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,322,359	980,749
Amounts owed by parent and fellow subsidiary undertakings	45,000	-
Amounts owed by subsidiary undertakings	270,565	-
Other debtors	132,413	210,665
Prepayments and accrued income	621,216	896,860
	<u>3,391,553</u>	<u>2,088,274</u>

<b>12 Creditors amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	5,463,944	1,727,127
Net obligations under hire purchase contracts	98,765	114,387
Trade creditors	1,200,054	991,507
Amounts owed to parent and fellow subsidiary undertakings	1,253,794	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	249,153
Taxes and social security costs	69,913	43,057
Directors' current accounts	138,000	60,000
Other creditors	380,186	663,143
Accruals and deferred income	2,527,746	2,703,479
	<u>11,132,402</u>	<u>6,551,853</u>

The bank borrowings are secured on the assets of the company and the assets of the other companies within the group headed by Parthenon Media Group Limited. The director, Carl Hall, has also provided a personal guarantee limited to £135 million. Liabilities of Barbershop Sound Studios Limited amounting to £118,722 and Parthenon Media Group Limited amounting to £563,000, at the balance sheet date, are secured on the assets of the company.

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

13 Creditors, amounts falling due after more than one year	2010 £	2009 £
Bank loans	3,000,000	3,000,000
Other loans	218,527	459,980
Net obligations under hire purchase contracts	76,604	175,399
	<u>3,295,131</u>	<u>3,635,379</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	3,542,329	3,459,980
	<u>3,542,329</u>	<u>3,459,980</u>
Included in current liabilities	(323,802)	-
	<u>3,218,527</u>	<u>3,459,980</u>
<b>Loan maturity analysis</b>		
In more than two years but not more than five years	3,381,473	3,459,980
	<u>3,381,473</u>	<u>3,459,980</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	98,765	114,387
Repayable between one and five years	76,604	175,399
	<u>175,369</u>	<u>289,786</u>
Included in liabilities falling due within one year	(98,765)	(114,387)
	<u>76,604</u>	<u>175,399</u>

Interest is charged on the loans at a rate which is equivalent to 4.00% per annum over the Bank's Base Rate

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 14 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 April 2009	562,664
Profit and loss account	230,482
	<hr/>
Balance at 31 March 2010	793,146
	<hr/>

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	14,854	14,734
Other timing differences	1,106,221	809,231
Tax losses available	(327,929)	(261,301)
	<hr/>	<hr/>
	793,146	562,664
	<hr/>	<hr/>

### 15 Share capital

	2010 £	2009 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2009	1,724,730
Profit for the year	759,600
Dividends paid	(150,000)
	<hr/>
Balance at 31 March 2010	2,334,330
	<hr/>

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

17 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Profit for the financial year	759,600	216,943
Dividends	(150,000)	-
Net addition to shareholders' funds	609,600	216,943
Opening shareholders' funds	1,724,830	1,507,887
Closing shareholders' funds	2,334,430	1,724,830

## 18 Financial commitments

At 31 March 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2011

	Land and buildings	
	2010 £	2009 £
Operating leases which expire		
Between two and five years	48,000	-
In over five years	34,495	82,495
	82,495	82,495

19 Directors' remuneration	2010 £	2009 £
Remuneration for qualifying services	283,737	220,000
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	75,804	130,000

## 20 Transactions with directors

During the year the company paid rent of £74,883 (2009 - £48,000) on properties owned by C V Hall and his wife

Included within trade creditors is £71,129 (2009 - £14,400) owed to C V Hall and his wife

Included within creditors due within one year is £138,000 (2009 - £60,000) and £218,527 (2009 - £459,980) due in more than one year, advanced to the company by C V Hall and his wife upon which interest of £15,017 (2009 - £11,529) was due

# PARTHENON ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Distribution	5	5
Production	18	16
Other	13	11
	<u>36</u>	<u>32</u>

#### Employment costs

	2010 £	2009 £
Wages and salaries	1,454,709	1,008,957
Social security costs	148,779	118,613
	<u>1,603,488</u>	<u>1,127,570</u>

Production employment costs of £347,840 (2009 - £310,944) were capitalised during the year

The parent company set up a share-option scheme in December 2009 and four directors of the company on that date were granted share options over 16 ordinary shares each

The options can be exercised from December 2014 or on sale or listing of the company. No options have lapsed in the period and no options were exercised

There are no performance conditions attached to the options and the exercise price is £1,983

The share options have been valued at grant date at £142. This has been done using the Black-Scholes pricing model with the following assumptions

Weighted average share price	1,983
Exercise price	1,983
Expected volatility	20%
Expected life	5 years
Expected dividends	7.5%
Risk-free interest rate	3.48%

## **PARTHENON ENTERTAINMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2010**

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#### **22 Control**

At the beginning of the financial year the parent company was Parthenon Entertainment Group Limited, a company incorporated in England and Wales. The directors considered Arkaga Healthcare & Technology Holdings Ltd, a company incorporated in England and Wales, to be the ultimate controlling party. From 20 July 2009 the company has been owned by Parthenon Media Group Limited which is owned by C V Hall and his wife.

#### **23 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.