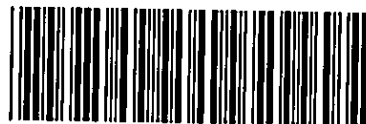


MET FILM LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

TUESDAY



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COMPANIES HOUSE

MET FILM LIMITED
COMPANY INFORMATION

DIRECTORS

Thomas Hoegh
Luke Montagu
Roger Laughton

COMPANY SECRETARY

J. Stuart Thomson

REGISTERED OFFICE

Building A
Ealing Studios
Ealing Green
London
W5 5EP

AUDITORS

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

BANKERS

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

MET FILM LIMITED
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MET FILM LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

The directors present their report and the financial statements for the 15 month period to 30 September 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company are the provision of filmmaking courses, post-production services and corporate production services, as well as feature film production.

DIRECTORS' REPORT

The company achieved a number of notable highlights during the year including:

- the expansion of Met Film into significantly larger purpose-built premises at Ealing Studios;
- the development and launch of a practical filmmaking degree in partnership with the NFTS and with accreditation from Thames Valley University;
- the appointment of Met Film by Skillset and the UK Film Council to deliver the Writers Training Scheme, to support new writing talent for feature film production; and
- the production of Little Ashes by Paul Morrison and Heavy Load by Jerry Rothwell and co-production of French Film by Jackie Oudney.

The company's year end has been changed to 30 September in order to align its financial year with its academic year.

RESULTS AND DIVIDEND

The results for the year are summarised in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the period and their beneficial interests, including those of their family, in the company's issued share capital were:

	Ordinary Shares of 1p each	
	30/09/08	30/6/07
Thomas Hoegh	100,100	100,100
Luke Montagu	48,750	48,750
Roger Laughton	-	-

Roger Laughton has options over 1,000 ordinary shares in the company at a strike price of £7 which are exercisable at any time.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period and of its profit or loss for the 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 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 assume that the company will continue in business.

MET FILM LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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 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 or other irregularities.

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

AUDITORS

The auditors, Shipleys LLP, will retire and offer themselves for re-appointment at the annual general meeting.

MET FILM LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The report was approved by the Board on *23 April 2009* and signed on its behalf.

Director

A handwritten signature in black ink, appearing to read 'Lila Dowling', written over the word 'Director'.

MET FILM LIMITED
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

We have audited the financial statements of Met Film Ltd for the 15 month period to 30 September 2008 set out on pages 7 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Unqualified opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2008 and of its loss for the period then ended;
- 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.

Shipley's LLP
21/5/09

SHIPLEYS LLP
Chartered Accountants and
Registered Auditors
London

MET FILM LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Notes	30 September 2008 £	30 June 2007 £
TURNOVER	1	3,456,515	1,602,125
Cost of sales		<u>(1,955,920)</u>	<u>(829,287)</u>
GROSS PROFIT		1,500,595	772,838
Administrative expenses		<u>(2,242,163)</u>	<u>(957,180)</u>
OPERATING LOSS	2	(741,568)	(184,342)
Interest payable and similar charges		(79,337)	(43,600)
Interest receivable		<u>10,970</u>	<u>1,093</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(809,935)	(226,849)
Taxation on loss on ordinary activities	4	<u>479,360</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(330,575)</u>	<u>(226,849)</u>

The profit and loss account contains all the gains and losses recognised in the period.
The loss for the period, which was derived from continuing activities, is the only movement in shareholders' funds.

**The notes on pages 9 to 14
form part of these financial statements**

MET FILM LIMITED
BALANCE SHEET
AS AT 30 SEPTEMBER 2008

	Notes	30 September 2008	30 June 2007
		£	£
FIXED ASSETS			
Intangible assets	5	33,825	323,411
Tangible assets	6	1,105,970	127,019
Investments	7	30,100	100
		<u>1,169,895</u>	<u>450,530</u>
CURRENT ASSETS			
Debtors	8	1,236,400	383,313
Cash at bank and in hand		436,823	42,147
		<u>1,673,223</u>	<u>425,460</u>
CREDITORS: amounts falling due within one year	9	<u>(2,901,841)</u>	<u>(1,066,499)</u>
NET CURRENT ASSETS		<u>(1,228,618)</u>	<u>(641,039)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(58,723)	(190,509)
CREDITORS: amounts falling due after more than one year	10	<u>(1,127,862)</u>	<u>(665,501)</u>
NET ASSETS		<u>(1,186,585)</u>	<u>(856,010)</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,931	1,931
Share premium account		798,499	798,499
Profit and loss account		<u>(1,987,015)</u>	<u>(1,656,440)</u>
SHAREHOLDERS' FUNDS		<u>(1,186,585)</u>	<u>(856,010)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board on 23 April 2009 and signed on its behalf.

Director



The notes on pages 9 to 14
form part of these financial statements

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.3 Turnover

Turnover comprises the invoices value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Intangible assets, amortisation and impairment

Intangible fixed assets are stated at cost less amortisation less any provision for permanent impairment in value. Amortisation is provided at rates calculated to write off the cost of intangible assets over their estimated useful life as follows:

Bolingbroke Lease	42 months straight line
Degree Programme	36 months straight line
Goodwill	60 months straight line

1.5 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 of fixed assets less their estimated residual value, over their expected useful lives on the following bases:

Computers	33% straight line
Fixtures & Fittings	10% straight line
Office Equipment	20% straight line
Film Making Equipment	33% straight line

1.6 Operating Lease

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement.

1.7 Investments and Supplier Advances

Investments in subsidiary undertakings are stated at cost in the company's balance sheet less any provision for permanent impairment in value.

Supplier advances are recognized initially at fair value and charged to the profit and loss account on a straight line basis over the amount of business expected to be

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

generated by the supplier advance. A provision for impairment is established where it is considered unlikely that the advance will be recovered in full.

1.8 Finance Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

1.9 Deferred Taxation

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised only to the extent that their recoverability is reasonably certain.

2 OPERATING LOSS

The operating loss is stated after charging:

	30 September 2008 £	30 June 2007 £
Depreciation of intangible fixed assets	309,821	84,155
Depreciation of tangible fixed assets		
- owned by the company	152,928	49,315
- held under finance leases	22,413	8,607
Auditors' remuneration	8,000	8,450
	<u>493,162</u>	<u>150,527</u>

3 DIRECTORS' REMUNERATION

	£	£
Aggregate emoluments	133,262	78,292

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

4 TAXATION

	30 September 2008 £
Loss before taxation @20%	161,987
Explained by difference @20%:	
Excess depreciation over writing down allowances	394,376
Disallowable expenditure	(6,873)
Loss in excess of tax losses c/f	284,832
Tax credit	<u>479,384</u>

5. INTANGIBLE FIXED ASSETS

	Bolingbroke Lease £	Degree Programme £	Goodwill £	Total £
Cost				
Opening balance	22,394	42,204	349,900	414,498
Additions	-	20,234	-	20,234
Disposals	-	-	-	0
Closing balance	<u>22,394</u>	<u>62,439</u>	<u>349,900</u>	<u>434,733</u>
Depreciation				
Opening balance	13,330	7,777	69,980	91,087
Charge for the year	7,998	21,904	279,920	309,821
Closing balance	<u>21,328</u>	<u>29,681</u>	<u>349,900</u>	<u>400,908</u>
Net book value				
At 30 September 2008	<u>1,066</u>	<u>32,758</u>	<u>-</u>	<u>33,825</u>
At 30 June 2007	<u>9,064</u>	<u>34,427</u>	<u>279,920</u>	<u>323,411</u>

Degree programme expenditure represents expenditure incurred in developing the intellectual property to deliver degree programmes which are expected to bring future benefits to the company.

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

6. TANGIBLE FIXED ASSETS

	Computers £	Fixtures & Fittings £	Office Equipment £	Film Making Equipment £	Total £
Cost					
Opening balance	60,308	35,477	13,210	141,067	250,062
Additions	177,346	785,573	24,483	166,879	1,154,281
Disposals	-	-	-	-	-
Closing balance	<u>237,654</u>	<u>821,050</u>	<u>37,693</u>	<u>307,946</u>	<u>1,404,343</u>
Depreciation					
Opening balance	25,629	19,890	5,898	71,627	123,043
Charge for the year	56,419	37,709	9,021	72,192	175,341
Closing balance	<u>82,048</u>	<u>57,599</u>	<u>14,918</u>	<u>143,818</u>	<u>298,384</u>
Net book value					
At 30 September 2008	<u>155,606</u>	<u>763,451</u>	<u>22,775</u>	<u>164,128</u>	<u>1,105,959</u>
At 30 June 2007	<u>34,679</u>	<u>15,587</u>	<u>7,312</u>	<u>69,440</u>	<u>127,019</u>

The net book value of leased assets at 30 September 2008 is £21,526 (2007: £45,675).

The additions to fixtures and fittings in the period ending 30 September 2008 of £785,573 represent expenditure by the company on the company's new trading premises in Ealing Studios.

7. FIXED ASSET INVESTMENTS

	Supplier Advances £	Shares in Group under- takings £	Total £
Cost			
Opening balance	-	-	-
Additions	30,000	100	30,100
Closing Balance	<u>30,000</u>	<u>100</u>	<u>30,100</u>

Supplier Advance

The company advanced £30,000 to S2S Post Limited on 21 August 2008. S2S Post Limited is contracted as a sales agent for the company. Commission earned by S2S Post Limited is first set off against any outstanding supplier advances.

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

7. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Remote Productions Limited (Registered in the UK) 100% of £1 Ordinary shares.

The aggregate of the share capital and reserves as at 30 September 2008 and of the profit or loss for the period ended 30 September 2008 for the subsidiary undertaking was as follows:

	Aggregate of share capital & reserves £	Profit/(loss) £
Remote Productions Limited	(12,110)	-

8. DEBTORS

	30 September 2008 £	30 June 2007 £
Trade debtors	253,967	293,479
Other debtors	831,608	87,597
Accrued income	130,825	2,237
Assets held for resale	20,000	-
	<u>1,236,400</u>	<u>383,313</u>

9. CREDITORS

	£	£
Amounts falling due within one year		
Trade creditors and accruals	802,772	188,087
Deferred income	1,784,044	717,451
Amounts due to related parties	-	57,830
Social security and other taxes	147,433	84,913
Finance lease creditor	20,054	18,218
Other creditors	147,538	-
	<u>2,901,841</u>	<u>1,066,499</u>

Other creditors represents balances arising from the amortisation of a reverse premium and lease obligations under the lease with Ealing Studios Operations Limited.

	£	Creditors £
Amounts falling due greater than one year		
Loans from parent company	1,123,398	638,043
Finance lease creditor	4,463	27,458
	<u>1,127,861</u>	<u>665,501</u>

MET FILM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

10. SHARE CAPITAL

	£	£
Authorised, allotted, called up and fully paid		
250,000 Ordinary shares of 1p each	2,500	2,000
Allotted, called up and fully paid		
193,100 Ordinary shares of 1p each	1,931	1,931

11. OPERATING LEASE COMMITMENTS

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:

	£	£
Expiry date:		
Less than 5 years	3,388	-
After more than 5 years	320,652	79,975

12. RELATED PARTY TRANSACTIONS

During the period the company received services in the amount of £42,833 (2007: £108,335) from Arts Alliance Media Limited which was the company's parent company until 7 April 2008. It also had expenses paid on its behalf by Arts Alliance Media Limited in the sum of £5,664 (2007: £12,449). As at the balance sheet date, the company owed an amount of £nil (2007: £5,181) to Arts Alliance Media Limited.

The company acquired Remote Production Ltd on 1 July 2006 of which Luke Montagu was a director. The purchase price was £350,000.

During the period the company engaged the services of Julie Montagu, who is married to Luke Montagu. She was paid £8,673.35 on 19 September 2008 for her services to the company.

During the period, the company borrowed further amounts from its parent company, Arts Alliance Media Limited amounting to £400,000. As at the balance sheet date, the company owed an amount of £1,123,398 (2007: £695,873) under such loan arrangements.

On 5 September 2008, Luke Montagu received £5,000 as a loan from the company. This loan was fully repaid on 27 January 2009.

13. CONTROLLING PARTY

On 7 April 2008 the company's majority shareholder became Nationwide Leisure Limited. The ultimate parent company is Cheetah Investments International Limited, a company incorporated in the British Virgin Islands.

On the same date the loans from Arts Alliance Media Limited became loans from Arts Alliance Leisure Limited, a limited company incorporated in England and Wales and whose ultimate parent company is Cheetah Investments International Limited.

14. POST BALANCE SHEET EVENTS

On 6 February 2009, 95% of the company's issued share capital was acquired by Met Media Limited, a company incorporated in England and Wales. Luke Montagu has a beneficial interest in Met Media Limited.

On 9 February 2009, the company agreed a secured loan facility of around £830,000 with Met Media Limited which was fully drawn down by 31 March 2009.