COMPANY REGISTRATION NUMBER 04790426

MET FILM LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2012

MET FILM LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2012

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MET FILM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J Woodward H Rabbatts J S Thomson T Hoegh
Company secretary	J S Thomson
Registered office	Building A Ealing Studios Ealing Green Ealing W5 5EP
Auditor	Shipleys LLP Chartered Accountants & Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Lloyds PO Box 112 Canons House Canons Way Bristol BS99 7LB

MET FILM LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and the financial statements of the company for the year ended 30 September 2012

PRINCIPAL ACTIVITIES
The principal activity of the company was the provision of film making courses, post production services and corporate production services as well as feature film production

DIRECTORS
The directors who served the company during the year were as follows

J Woodward
H Rabbatts
J S Thomson
T Hoegh

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 year

In preparing those 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

MET FILM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2012

SMALL COMPANY PROVISIONS
This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
Building A
Ealing Studios
Ealing Green
Ealing
W5 5EP

Signed on behalf of the directors

J. Stuart Thomson

J S THOMSON
Director

Approved by the directors on 28/6/13

MET FILM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MET FILM LIMITED

YEAR ENDED 30 SEPTEMBER 2012

We have audited the financial statements of Met Film Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 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 and express an opinion on 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 (APB'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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS 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

MET FILM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MET FILM LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2012

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

STEWART JELL (Senior Statutory Auditor)
For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ
28/6/13

MET FILM LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
TURNOVER		**1,764,290**	1,078,645
Cost of sales		**(972,456)**	(387,420)
GROSS PROFIT		**791,834**	691,225
Administrative expenses		**(1,352,226)**	(856,141)
Other operating income	2	**73,500**	–
OPERATING LOSS	3	**(486,892)**	(164,916)
Interest receivable		**989**	11,589
Interest payable and similar charges		**(48,724)**	(269,769)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(534,627)**	(423,096)
Tax on loss on ordinary activities		**590,022**	43,307
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**55,395**	(379,789)

The notes on pages 8 to 15 form part of these financial statements

MET FILM LIMITED

BALANCE SHEET

30 SEPTEMBER 2012

	Note	2012 £	2012 £	2011 £	2011 £
FIXED ASSETS					
Intangible assets	4		**7,086**		14,393
Tangible assets	5		**784,977**		942,114
Investments	6		**100**		10,100
			792,163		966,607
CURRENT ASSETS					
Debtors	7	**3,724,788**		2,215,680	
Cash at bank		**78,089**		62,284	
		3,802,877		2,277,964	
CREDITORS: Amounts falling due within one year	8	**(5,318,494)**		(4,197,691)	
NET CURRENT LIABILITIES			**(1,515,617)**		(1,919,727)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(723,454)**		(953,120)
CAPITAL AND RESERVES					
Called-up equity share capital	11		**1,931**		1,931
Share premium account	13		**798,499**		798,499
Profit and loss account	14		**(3,829,095)**		(3,884,490)
			(3,028,665)		(3,084,060)
Shareholder loan capital	12		**(2,305,211)**		(2,130,940)
SHAREHOLDERS' FUNDS			**(723,454)**		(953,120)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 28/6/13, and are signed on their behalf by

J Stuart Thomson

J S THOMSON

Company Registration Number 04790426

MET FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

Turnover

The Company recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company Revenue comprises fee income from course programmes and includes amounts accrued and deferred during the year, stated after trade discounts, other taxes and net of VAT

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	-	60 months straight line
Other	-	36 months straight line

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Computers	-	4 years straight line
Fixtures & Fittings	-	10 years straight line
Office Equipment	-	5 years straight line
Film Making Equipment	-	3 5 years straight line

The directors consider that the group does not immediately consume assets on acquisition and that it is more appropriate to commence depreciation after 12 months

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

1. **ACCOUNTING POLICIES** *(continued)*

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 a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

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 periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

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

MET FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Finance costs

Finance costs are calculated by assuming a constant rate of interest on net proceeds received after taking account of the expected schedule of payments as at date of loan

Going concern

The directors of the ultimate parent undertaking have confirmed that the group will provide sufficient support to ensure that the company will have sufficient resources to meet its debts as they fall due for at least one year from date of sign off of these accounts As a result the directors consider that it is appropriate to prepare the accounts on the going concern basis

2. OTHER OPERATING INCOME

	2012	2011
	£	£
Other operating income	73,500	–

3. OPERATING LOSS

Operating loss is stated after charging

	2012	2011
	£	£
Directors' remuneration	–	–
Amortisation of intangible assets	8,693	14,246
Depreciation of owned fixed assets	205,280	304,231
Auditor's fees	25,000	15,000

The audit fee for the group, consolidated under Met Media Limited, was borne in full by Met Film Limited

4. INTANGIBLE FIXED ASSETS

	Goodwill £	Other £	Total £
COST			
At 1 October 2011	349,900	125,353	475,253
Additions	–	1,386	1,386
At 30 September 2012	349,900	126,739	476,639
AMORTISATION			
At 1 October 2011	349,900	110,960	460,860
Charge for the year	–	8,693	8,693
At 30 September 2012	349,900	119,653	469,553
NET BOOK VALUE			
At 30 September 2012	–	7,086	7,086
At 30 September 2011	–	14,393	14,393

Included within Other Intangibles is Course Programme expenditure which represents expenditure incurred in developing the intellectual property to deliver degree programmes which are expected to bring future benefits to the company The NBV of Course Programme expenditure at year end was £1,731 (2011 £5,685)

5 TANGIBLE FIXED ASSETS

	Computers £	Fixtures & Fittings £	Office Equipment £	Film Making Equipment £	Total £
COST					
At 1 October 2011	651,406	909,473	56,788	532,994	2,150,661
Additions	65,443	83	3,099	3,634	72,259
Disposals	(2,275)	–	–	(24,634)	(26,909)
Transfers	–	–	–	(81,178)	(81,178)
At 30 September 2012	714,574	909,556	59,887	430,816	2,114,833
DEPRECIATION					
At 1 October 2011	422,240	296,141	37,169	452,997	1,208,547
Charge for the year	80,665	84,272	7,133	33,210	205,280
On disposals	(2,275)	–	–	(23,362)	(25,637)
Transfers	–	–	–	(58,334)	(58,334)
At 30 September 2012	500,630	380,413	44,302	404,511	1,329,856
NET BOOK VALUE					
At 30 September 2012	213,944	529,143	15,585	26,305	784,977
At 30 September 2011	229,166	613,332	19,619	79,997	942,114

6. INVESTMENTS

	Supplier advances £	Shares in group under-takings £	Total £
Opening balance	10,000	100	10,100
Movements	(10,000)	–	(10,000)
Closing balance	–	100	100

Supplier advances
During the year, the board reviewed the valuation of these advances and considered their value to be impaired The company reduced the aggregate carrying value of supplier advances to £nil

Subsidiary undertaking
The following were subsidiary undertakings of the company

Met Film School Limited (Registered in the UK) 100% of £1 Ordinary shares Met Film Post Limited (Registered in the UK) 100% of £1 Ordinary shares Wax Production Limited (Registered in the UK) 100% of £1 Ordinary shares

The entire share capital of Met Film School Limited is subject to a call option in favour of the immediate parent entity, Met Media Limited, a company incorporated in England and Wales

The aggregate of the share capital and reserves as at 30 September 2012 and of the profit or loss for the period ended 30 September 2012 for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Met Film School Ltd	1,646,307	39,710
Met Film Post Ltd	(161,490)	(7,797)
Wax Production Ltd	(659,245)	(415,199)

Associate undertaking
The following was an associate undertaking of the company

Men Who Swim Limited (Registered in the UK) 50% of 100 Ordinary £1 shares

The aggregate of the share capital and reserves as at 30 September 2012 and of the profit or loss for the period ended 30 September 2012 for the associate undertaking was as follows

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Men Who Swim	100	–

7. DEBTORS

	2012	2011
	£	£
Trade debtors	20,148	14,790
Amounts owed by group undertakings	1,603,136	1,021,801
Other debtors	1,092,385	1,103,490
Prepayments and accrued income	1,009,119	75,599
	3,724,788	2,215,680

8. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	121,544	42,308
Amounts owed to group undertakings	4,088,669	3,819,229
PAYE and social security	–	586
VAT	42,689	–
Other creditors	45,000	–
Accruals and deferred income	1,020,592	335,568
	5,318,494	4,197,691

9. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2012 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2012	2011
	£	£
Operating leases which expire		
After more than 5 years	401,652	320,652

10. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

There were a number of transactions relating to a loan by a subsidiary of the group's largest shareholder, Arts Alliance Limited

	2012	2011
	£	£
Interest payable	**190,704**	167,917
Interest paid	**–**	–

The company made payments during the year to Heather Rabbatts, who held office during the year, for the provision of professional services amounting to £12,000 (2011 £22,000)

11. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	**£**	No	£
193,100 Ordinary shares of £0 01 each	**193,100**	**1,931**	193,100	1,931

12. SHAREHOLDER LOAN CAPITAL

At 30 September 2012 the company had received funding by way of secured shareholder loans as follows

	2012	2011
	£	£
Loans from parent company	**678,481**	694,914
Loans from Arts Alliance Leisure Ltd	**1,626,730**	1,436,026
	2,305,211	2,130,940

The payment profile of these loans were designed to work within the expected financial resources of the company

13. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

14. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	**(3,884,490)**	(3,504,701)
Profit/(loss) for the financial year	**55,395**	(379,789)
Balance carried forward	**(3,829,095)**	(3,884,490)

15. ULTIMATE PARENT COMPANY

At the penod end, the company's parent and ultımate controllıng party was Met Medıa Lımıted, a company ıncorporated ın England and Wales