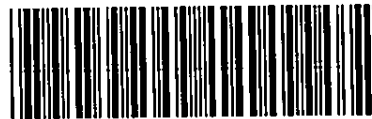


# INGENIOUS DISTRIBUTION SERVICES LIMITED

## REPORT AND FINANCIAL STATEMENTS

5 APRIL 2008

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30/01/2009

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COMPANIES HOUSE

Company Registration Number  
5041357 (England and Wales)

## INGENIOUS DISTRIBUTION SERVICES LIMITED

**Directors** P A McKenna  
J L Boyton  
N A Forster  
D M Reid

**Secretary** S Cruickshank

**Registered Office** 15 Golden Square  
London  
W1F 9JG

**Registered Number** 5041357 (England and Wales)

**Auditors** Deloitte LLP  
Chartered Accountants  
London

**Business Address** 15 Golden Square  
London  
W1F 9JG

**Bankers** HSBC Private Bank (UK) Limited  
78 St. James's Street  
London  
SW1A 1JB

## INGENIOUS DISTRIBUTION SERVICES LIMITED

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## DIRECTORS' REPORT

5 APRIL 2008

The directors present their report and audited financial statements of the Company for the year ended 5 April 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### Principal Activity

The principal activity of the Company was the provision of services to the media and entertainment industry.

The directors consider the results for the Company and the financial position at the end of it, to be satisfactory and believe the Company is well positioned for the future. There have been no significant events since the balance sheet date.

### Directors

The directors in office during the year and subsequently were as follows:

|             | Appointment date | Resignation date |
|-------------|------------------|------------------|
| J L Boyton  |                  |                  |
| S E Ford    | 31 August 2007   | 9 May 2008       |
| P A McKenna |                  |                  |
| D M Reid    |                  |                  |
| N A Forster | 18 August 2008   |                  |
| R Patel     |                  | 28 August 2007   |
| K J Mead    |                  | 31 August 2007   |

### Creditors Payment Policy

The Company does not follow any specific code or standard on payment of creditors. The Company agrees the payment terms as part of the commercial arrangement negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

**DIRECTORS' REPORT**

**5 APRIL 2008**

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing the 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 United Kingdom 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 directors are responsible for keeping proper accounting records which 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 Acts. 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.

**Auditors**

Each of the persons who is a 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 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In the absence of a notice proposing that the appointment be terminated, the auditors, Deloitte LLP, will be deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

Approved by the Board and signed on its behalf by



**S J CRUICKSHANK**

Secretary

27 January 2009

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED**

We have audited the financial statements of Ingenious Distribution Services Limited for the year ended 5 April 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, 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 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Acts. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements.

### **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 judgements 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 5 April 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**DELOITTE LLP**

Chartered Accountants and Registered Auditors  
London, UK

**24** January 2009

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 5 April 2008**

|   | Notes | Year ended<br>05 April<br>2008<br>£ '000s | Period ended<br>05 April<br>2007<br>£ '000s |
|---|-------|---|---|
| <b>Turnover</b>   | 1     | 138                                       | 40  |
| Cost of sales   |       | <u>(256)</u>                              | <u>(1,179)</u>                              |
| <b>Gross loss</b>   |       | <b>(118)</b>                              | <b>(1,139)</b>                              |
| Administrative expenses                                     |       | <u>(6)</u>                                | <u>(13)</u>                                 |
| <b>Operating loss</b>                                       | 2     | <b>(124)</b>                              | <b>(1,152)</b>                              |
| Interest receivable and similar income                      | 4     | <u>1,171</u>                              | <u>562</u>                                  |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <b>1,047</b>                              | <b>(590)</b>                                |
| Taxation  | 5     | <u>-</u>                                  | <u>-</u>                                    |
| <b>Profit/(loss) for the financial year/period</b>          | 10    | <b>1,047</b>                              | <b>(590)</b>                                |

All of the Company's turnover and operating profit is derived from continuing operations during the current year and prior period.

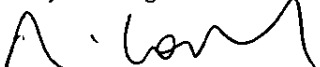
The Company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.



**BALANCE SHEET**  
As at 5 April 2008

|   | Notes | 05 April<br>2008<br>£ '000s | 05 April<br>2007<br>£ '000s |
|---|-------|-----------------------------|-----------------------------|
| <b>Current assets</b>                                 |       |                             |                             |
| Debtors   | 6     | 37                          | 101,662                     |
| Cash at bank and in hand                              |       | <u>2</u>                    | <u>2</u>                    |
|   |       | 39                          | 101,664                     |
| <b>Creditors: Amounts falling due within one year</b> | 7     | <u>(19)</u>                 | <u>(33)</u>                 |
| <b>Net current assets</b>                             |       | <u>20</u>                   | <u>101,631</u>              |
| <b>Total assets less current liabilities</b>          |       | 20                          | 101,631                     |
| <b>Provision for liabilities and charges</b>          | 8     | <u>-</u>                    | <u>(102,658)</u>            |
| <b>Net assets/(liabilities)</b>                       |       | <u>20</u>                   | <u>(1,027)</u>              |
| <b>Capital and reserves</b>                           |       |                             |                             |
| Called up share capital                               | 9     | -                           | -                           |
| Profit and loss account                               | 10    | <u>20</u>                   | <u>(1,027)</u>              |
| <b>Shareholders' funds/(deficit)</b>                  | 11    | <u>20</u>                   | <u>(1,027)</u>              |

The financial statements were approved by the Board and authorised for issue on 27 January 2009.  
They were signed on behalf of the Board of directors by:



**N A FORSTER**

Director

27 January 2009

## STATEMENT OF ACCOUNTING POLICIES

5 APRIL 2008

The principal accounting policies are summarised below. They have been applied consistently throughout the year. The comparative figures are for the period 1 April 2006 to 5 April 2007

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company's business activities and key risks are set out in the Directors' Report. As part of the Ingenious group, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Cash flow**

The financial statements do not include a cash flow statement because the Company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

### **Turnover**

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

### **Foreign currencies**

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

### **Taxation**

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in 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 accounts.

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.

## NOTES TO THE ACCOUNTS

5 APRIL 2008

**1. Segmental analysis of turnover, profit and net assets**

In the opinion of the directors it would be seriously prejudicial to disclose this information.

**2. Operating loss**

|  | Year ended<br>05 April<br>2008<br>£ '000s | Period ended<br>05 April<br>2007<br>£ '000s |
|--|---|---|
| This is stated after charging:                       |   |   |
| Fees for the audit of the Company - current auditor  | 7   | 7   |
| Fees for the audit of the Company - previous auditor | -   | 4   |
| Fees over accrued in the prior period                | (1)                                       | -   |

Fees payable to the Company's auditor, Deloitte LLP, and their associates for non-audit services provided to the Company are disclosed in the consolidated financial statements of the group.

**3. Staff costs & Directors' remuneration**

The Company incurred no staff costs nor paid any remuneration to its directors during the year.

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

|                           | Year ended<br>05 April<br>2008 | Period ended<br>05 April<br>2007 |
|---------------------------|--------------------------------|----------------------------------|
| Office and administration | 4                              | 6                                |

The emoluments of the directors were paid and borne by other Ingenious group undertakings and none of their remuneration was specifically attributable to their services to the Company.

**4. Interest receivable and similar income**

|                      | Year ended<br>05 April<br>2008<br>£ '000s | Period ended<br>05 April<br>2007<br>£ '000s |
|----------------------|---|---|
| Intra-group interest | 1,171                                     | 560   |
| Bank interest        | -   | 2   |
|                      | <b>1,171</b>                              | <b>562</b>                                  |

## NOTES TO THE ACCOUNTS

5 APRIL 2008

## 5. Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

|  | Year ended<br>05 April<br>2008<br>£ '000s | Period ended<br>05 April<br>2007<br>£ '000s |
|--|---|---|
| UK Corporation tax at 30% (period ended 5 April 2007 - 30%) based on the adjusted results for the year | -   | -   |
| Adjustments in respect of prior years  | -   | -   |
| <b>Current tax charge</b>  | <b>-</b>                                  | <b>-</b>                                    |

Factors affecting tax charge for the year:

|   | Year ended<br>05 April<br>2008<br>£ '000s | Period ended<br>05 April<br>2007<br>£ '000s |
|---|---|---|
| <b>Profit/(loss) on ordinary activities before taxation</b>   | <b>1,047</b>                              | <b>(590)</b>                                |
| Profit/(Loss) on ordinary activities for the year multiplied by standard rate of corporation tax in the UK of 30% (period ended 5 April 2007 - 30%) | 314                                       | (177)                                       |
| Effects of:   |   |   |
| Group relief (claimed) / surrendered  | (314)                                     | 177   |
| <b>Current tax charge</b>   | <b>-</b>                                  | <b>-</b>                                    |

## 6. Debtors

|                                      | 05 April<br>2008<br>£ '000s | 05 April<br>2007<br>£ '000s |
|--------------------------------------|-----------------------------|-----------------------------|
| Amounts falling due within one year: |                             |                             |
| Amount owed by group undertaking     | 37                          | -                           |
| Prepayments and accrued income       | -                           | 101,662                     |
|                                      | <b>37</b>                   | <b>101,662</b>              |

## NOTES TO THE ACCOUNTS

5 APRIL 2008

## 7. Creditors: amounts falling due within one year

|                                    | 05 April<br>2008<br>£ '000s | 05 April<br>2007<br>£ '000s |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed to group undertakings | 12                          | 23                          |
| Accruals and deferred income       | 7                           | 10                          |
|                                    | <b>19</b>                   | <b>33</b>                   |

## 8. Provisions for liabilities and charges

| <i>Obligation under collection agreement</i> | 05 April<br>2008<br>£ '000s | 05 April<br>2007<br>£ '000s |
|--|-----------------------------|-----------------------------|
| Balance brought forward                      | 102,658                     | 46,629                      |
| Fulfillment of obligation                    | (102,658)                   | (46,629)                    |
| Provision for contractual obligation         | -                           | 102,658                     |
| <b>Balance carried forward</b>               | <b>-</b>                    | <b>102,658</b>              |

During the year the Company entered into a series of agreements whereby it acts as collection agent for various parties.

## 9. Called up share capital

|                            | 05 April 2008 |        | 05 April 2007 |        |
|----------------------------|---------------|--------|---------------|--------|
|                            | £             | No     | £             | No     |
| Ordinary shares of £1 each | 10,000        | 10,000 | 10,000        | 10,000 |

|  | Allotted, called up and fully paid |    |               |    |
|--|------------------------------------|----|---------------|----|
|  | 05 April 2008                      |    | 05 April 2007 |    |
|  | £                                  | No | £             | No |
| Ordinary shares of £1 each issued at par | 1                                  | 1  | 1             | 1  |

## NOTES TO THE ACCOUNTS

5 APRIL 2008

## 10. Statement of movements on profit and loss account

|   | Profit and loss account |                |
|---|-------------------------|----------------|
|   | 2008                    | 2007           |
|   | £ '000s                 | £ '000s        |
| Balance brought forward                     | (1,027)                 | (437)          |
| Profit/(loss) for the financial year/period | <u>1,047</u>            | <u>(590)</u>   |
| <b>Balance carried forward</b>              | <b>20</b>               | <b>(1,027)</b> |

## 11. Reconciliation of movements in shareholders' funds/(deficit)

|  | 05 April<br>2008 | 05 April<br>2007 |
|--|------------------|------------------|
|  | £ '000s          | £ '000s          |
| Profit/(loss) for the financial year/period  | <u>1,047</u>     | <u>(590)</u>     |
| Net movement in shareholders' funds          | 1,047            | (590)            |
| Opening shareholders' deficit                | <u>(1,027)</u>   | <u>(437)</u>     |
| <b>Closing shareholders' funds/(deficit)</b> | <b>20</b>        | <b>(1,027)</b>   |

## 12. Related party transactions

The accounts do not include disclosure of transactions between the Company and entities that are part of the Ingenious Media Holdings plc group. This is because, as a subsidiary whose shares are more than 90% controlled within the group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 'Related Party Transactions'.

There were no other related party transactions or balances requiring disclosure (period ended 5 April 2007 - none).

## 13. Controlling party

During the year ended 5 April 2008 the Company was a wholly owned subsidiary of Ingenious Media Ltd (formerly Ingenious Media plc), a Company registered in England and Wales. Ingenious Media Ltd is a wholly owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company. Ingenious Media Holdings plc is the only parent undertaking for which group accounts are prepared.

The consolidated financial statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings plc in the year was PA McKenna.